

EXHIBIT 3



Horizons

Building

Financial

Security



MOTOROLA

July 1997



MOT-ERISA 0693

Please Note:

The Summary Plan Descriptions in this booklet summarize the features of the employee benefit plans sponsored by Motorola, Inc., EIN 36-1115800 that make up the Motorola Horizons Program (the "Plans"). The Summary Plan Descriptions represent general information regarding the provisions of the Plans, and you should not rely upon them other than as a general summary of the features of the Plans. Your rights are governed by the terms of the Plan documents. Refer to the Plan documents for complete information on your rights and obligations under the Plans. **In the event of any difference between the terms of these Summary Plan Descriptions and the Plan Documents, the terms of the Plan Documents shall control.** Also, any questions concerning the Plans shall be determined in accordance with the terms of the Plan documents and not these Summary Plan Descriptions. You may obtain copies of the Plan documents upon written request to the Retirement Benefits Administration office. There may be a reasonable charge for such copies.

No person has the authority to make any verbal statement or representations of any kind which are legally binding upon Motorola to alter the Plan documents or other contracts maintained in conjunction with the Plans.

The Pension and Employee Stock Ownership Plan documents give Motorola the sole right at any time to amend, modify, or terminate these Plans. The Profit Sharing Committee and the Board of Directors have the authority to change these Plans without a vote of participants if the change is necessary to bring the Plans into compliance with, or to enable the Plans to meet the requirements of, any law, regulation or ruling. All other Profit Sharing and Investment Plan amendments are subject to the approval of participants. If any Plan should be amended, modified, or terminated while you are covered by the Plan, you will be notified of the effect of such change on your Plan benefits or coverage. In the event a Plan is terminated, the rights of individuals covered by that Plan at that time shall be limited to benefits accrued as of the date of Plan termination.

These Summary Plan Descriptions describe the Plans as effective on January 15, 1997. Please see the prior Summary Plan Descriptions for information concerning the Plans prior to January 15, 1997.

MOT-ERISA 0694



HORIZONS

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Welcome to Horizons: Building Financial Security


Motorola LifeSteps is a comprehensive benefits package that is divided into four major programs: Essentials, Balance, Milestones, and Horizons. This booklet summarizes your benefits under Horizons, which includes the Motorola Pension and Profit Sharing and Investment Plans. You can find details about each of the other three LifeSteps programs in separate Summary Plan Description booklets. Here's a brief description of these booklets:


- **Essentials** includes medical and dental coverage, life insurance, short- and long-term disability coverage, and a health reimbursement account.
- **Balance** helps you with your work and personal life by offering assistance with child and elder care, prenatal education, adoption assistance, a dependent care account and long-term care insurance.
- **Milestones** helps you with many of life's expected—and unexpected—events including home purchase, continuing education, long-term and elder care assistance, emergencies, legal assistance, and financial planning.

Keep this booklet in an easy-to-reach location, and use it to look up answers to your Pension Plan and Profit Sharing and Investment Plan questions. You'll notice some important facts, definitions and tips waiting for you in the margins:

 Tips to get the most from your benefits

 Important facts

 Definitions you should know

 Important dates and deadlines

There are several sections of this booklet you'll want to refer to often. These include:

- **Other Things You Need to Know**—your rights under “ERISA” and additional information concerning the Plans...Page 45
- **Life Events Chart**—actions to take in a number of different life situations...Page 63
- **Glossary**—definitions of commonly-used words and phrases...Page 64
- **Phone Numbers**—handy listing of important phone numbers...Inside Back Cover

To Find Out More

If you can't find the information you need in this booklet, you may contact Retirement Benefits Administration at 1-800-462-3429. Or, you may use an interactive kiosk located in many Motorola facilities or visit the Motorola Benefits World Wide Web site at <http://www.hr.mot.com/benefits>.



There is no minimum age for coverage under either Plan, and there is no mandatory retirement age. You will continue to earn benefits until you leave Motorola.

Planning for the Future

Helping you create financial security is one of Motorola's most important goals. That's why Motorola offers two Plans to help you meet this goal:

- ❶ **Pension Plan**—If you retire at age 65 with 35 years of service after January 1, 1988, this Plan is designed to replace about 80% of your take-home pay, when combined with Social Security.
- ❷ **Profit Sharing and Investment Plan**—This Plan enables you to share in Motorola profits and actively contribute to your future security.

When You Become Eligible

Pension Plan

You are automatically a Pension Plan participant on the first of the month following your first anniversary, if you have completed 12 months of continuous employment in which you work at least 1,000 hours. You do not have to enroll in this Plan.

Profit Sharing and Investment Plan

You may begin contributing to your Profit Sharing and Investment Plan account as of your first day at work. You are eligible to receive Company Contributions to your account on the first of the month following your first anniversary, if you have completed 12 months of continuous employment in which you work at least 1,000 hours. If you do not actively elect a contribution amount, you will automatically begin contributing three percent of your pay when you become eligible for Company Contributions. You may later change this contribution percentage, if you wish.

Independent contractors, consultants, contract labor, "leased employees" as defined in Section 414(n) of the Internal Revenue Code and employees whose base compensation is not processed by the Motorola (or participating subsidiary) payroll department are not eligible to participate in either the Pension Plan or the Profit Sharing and Investment Plan.



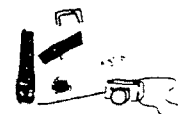
Participating in the Profit Sharing and Investment Plan is especially important if you do not expect to receive a full Pension benefit (for instance, if you plan to work less than 35 years at Motorola after January 1, 1988).

Your Compensation

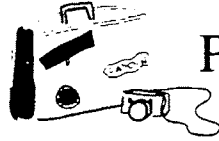
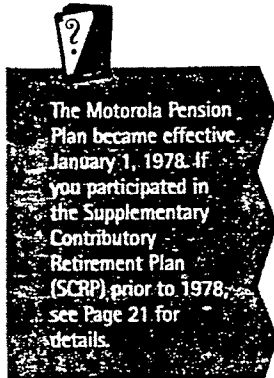
Your Motorola compensation is an important factor in Horizons. Compensation, along with your Motorola service and Social Security, determines the amount of your Motorola Pension Plan benefits. It also is the basis for your contributions to the Profit Sharing and Investment Plan.

For the purposes of Horizons, your "compensation" refers to your regular earnings and commissions, including individual sales incentive, Field Sales and Engineering Incentive Plan payments, shift differentials, and overtime. Annual compensation may not exceed the limit imposed by Section 401(a)(17) of the Internal Revenue Code (\$160,000 in 1997). This amount is subject to change each year. It does not include RONA Incentive Plan payments or any other type of incentive payments, bonuses, any severance payments, moving allowances, educational allowances, non-cash payments or overseas allowances.

Pension Plan



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Pension Plan

Your Pension Plan At-a-Glance

Who pays Pension benefits

Motorola pays the entire cost of providing Pension benefits. A special trust fund has been established to receive Company Contributions. The trustee (and investment managers) invest Company Contributions and pay benefits to eligible participants and their beneficiaries.

Who is eligible to receive Pension benefits

You are eligible for a Pension benefit at retirement if you leave Motorola after five years of service, or at age 60 or older with at least one year of service. If you die, your surviving spouse will receive a benefit if you have at least five years of service.

When benefits begin

The normal retirement date for Pension Plan payments is age 65. Reduced monthly payments can begin as early as age 55 with at least five years of service, or at age 60 with at least one year of service.

How your monthly benefit amount is determined

Three factors determine the amount of your monthly Pension benefit:

- ❶ Your final average earnings
- ❷ Your years of service
- ❸ Your Social Security benefit

How to receive the maximum benefit

To be eligible for the maximum Pension benefit, you must have 35 years of service after December 31, 1987 and begin receiving payments on or after age 65.

Determining Your Motorola Pension Plan Benefit

A formula is used to determine your Pension benefit. The numbers used in this formula are:

- Your final average earnings,
- Your years of service, and
- Your Social Security benefit.

Final Average Earnings

Your "final average earnings" are your average earnings for the five years of highest pay during the last ten years of your employment.

For example:

You began working at Motorola in 1980 and retire in 2009.

Your earnings for the last ten years are:

Year	Earnings	Year	Earnings
2000	\$35,000	2005	\$40,000
2001	\$37,000	2006	\$41,000*
2002	\$38,000	2007	\$45,000*
2003	\$39,000	2008	\$47,000*
2004	\$43,000*	2009	\$49,000*

** Your five years of highest pay are 2004, 2006, 2007, 2008, and 2009. Your final average earnings are \$45,000.*



Your final average earnings calculation and your years of service include years you work at Motorola past age 65.

Years of Service

Your total "years of service" include all completed years and months that you work at Motorola after December 31, 1977.


Your years of service end when your Motorola employment ends. If you are on an approved leave or layoff when your employment ends, you'll receive up to 12 months credit for the period of your leave or layoff.

Social Security

Your Social Security benefit is the estimated amount of your Social Security retirement benefit payable to you at age 65. It is based on the Social Security law in effect on the January 1 of the year you retire and your final average earnings. Your spouse's Social Security benefit does not impact the dollar amount of your Motorola Pension benefit. If your Social Security benefit increases after your Pension benefit is determined, your Pension benefit will not be affected in any way.



If you continue to work at Motorola past age 65, the Social Security benefit payable to you when you retire will be used to determine your Pension benefit.


If you were a member of the Supplementary Contributory Retirement Plan (SCRCP) before January 1, 1978, your SCRCP benefit may be added to your Pension benefit. See Page 21 for more on this Plan.

Pension Plan Formula

The Pension Plan formula contains many components. Because the formula changed January 1, 1988, step number one has two parts if you worked at Motorola before and after January 1, 1988. In addition, each number is divided by 35 years. This is because the formula prior to January 1, 1988 and the new formula after December 31, 1987 each required that you work at least 35 years at Motorola to receive the maximum Pension benefit under the applicable formula.

Pension Formula

Benefit earned 1/1/78-12/31/87	40% of your final average earnings up to \$20,000 plus 35% of your final average earnings over \$20,000 times your years of service from 1/1/78- 12/31/87 divided by 35 years
	+
Benefit earned after 12/31/87	75% of your final average earnings times your years of service after 12/31/87 (up to 35 years) divided by 35 years
	-
Social Security Offset	50% of your primary annual Social Security benefit times your years of service after 12/31/77 (up to 35) divided by 35 years
	=
Pension	Your annual Pension benefit starting at age 65 (or at your retirement if you retire after age 65), payable monthly for the rest of your life

For example:

Determining Pension Benefits if You Began Work on or After January 1, 1988

You begin working at Motorola on January 1, 1995. You retire on January 1, 2030 at age 65. You have 35 years of service. Your final average earnings are \$45,000, and your annual Social Security benefit is \$13,440.

Benefit earned 1/1/78-12/31/87		(Does not apply to you)
Benefit earned after 12/31/87	\$33,750	(75% of \$45,000 times 35 years divided by 35 years)
Social Security offset	- \$6,720	(50% of \$13,440 times 35 years divided by 35 years)
Annual Pension benefit	= \$27,030	(\$33,750-\$6,720)

Your salary in the year you leave Motorola is \$49,000. The table below compares your take-home pay to your retirement income.

	Before Retirement	After Retirement
Salary	\$49,000	—
Pension	—	\$27,030
Social Security	—	\$13,440
Total	\$49,000	\$40,470
Less Social Security Tax	\$3,749	—
Less Federal Income Tax	\$5,580	\$2,285
After-tax income	\$39,671	\$38,185

Result: In this example, your retirement income would replace 96% of your final take-home pay.

For example:

Determining Pension Benefits if You Began Work on or After January 1, 1988

You began working at Motorola on January 1, 1978. You retire on January 1, 2013 at age 65. You have 35 years of service. You have 10 years of service before January 1, 1988 and 25 years of service after December 31, 1987. Your final average earnings are \$45,000 and your annual Social Security benefit is \$14,364.

Benefit earned 1/1/78-12/31/87	\$4,786	(40% of \$20,000 plus 35% of \$25,000 times 10 years divided by 35 years)
Benefit earned after 12/31/87	+ \$24,107	(75% of \$45,000 times 25 years divided by 35 years)
Total	= \$28,893	
Social Security offset	- \$7,182	(50% of \$14,364 times 35 years divided by 35 years)
Annual Pension benefit	= \$21,711	(\$28,893 - \$7,182)

When You Are Eligible for Your Pension Plan Benefit

Since Pension benefits are for retirement, you may not receive Motorola Pension benefits while you're working at Motorola. The earliest you may begin receiving Pension benefits is after your 55th birthday if you have at least five years of service, or at age 60 with at least one year of service.

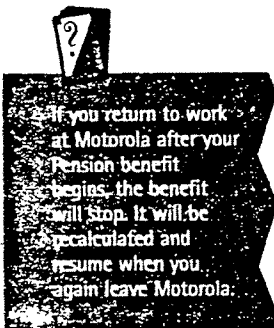
Your Pension benefit will be reduced if your Pension payments begin before you are 65 years old.

Normal Retirement

Your "normal" retirement date under the Pension Plan is the first day of the month on or following your 65th birthday.

Note: The two examples above involve normal retirement dates and 35 years of service.

If you continue to work at Motorola past age 65, your total years of service and eligible compensation (see Page 4), which is used to determine your final earnings, will be used to calculate your Pension benefit (up to the 35-year maximum after January 1, 1988). Pension benefit payments begin on the first of the month after your last day worked at Motorola. If your last day falls on the first of the month, you will be eligible for a Pension payment for that month.



Early Retirement

You may retire from Motorola as early as age 55 if you have at least five years of service.

You may retire at age 60 with at least one year of service.

If you retire before age 65, you may choose to begin receiving reduced Pension benefits right away. If you wait until you are age 65 to begin receiving your benefits, you'll receive 100% of the monthly amount you earned as of your last day at Motorola instead of a reduced benefit.

Pension benefits are reduced if payments begin before age 65 because the payments may possibly be made over a longer period of time. The table below shows the percentage of your maximum monthly benefit for each year that you begin payments.

Early Retirement

Your Age when Benefits Begin	Percentage of Maximum Benefit
65	100.0%
64	93.3%
63	86.7%
62	80.0%
61	73.3%
60	66.7%
59	63.3%
58	60.0%
57	56.7%
56	53.3%
55	50.0%



If payments start between two of the ages shown (for example, at age 62½) a monthly adjustment will be made.

For example:

Determining Pension Benefits for Early Retirement

You began working at Motorola on January 1, 1978. You retire on January 1, 2010 at age 60. You have 32 years of service (10 years before January 1, 1988 and 22 years after December 31, 1987). Your final average earnings are \$45,000, and your annual Social Security benefit payable at age 65 is \$14,400.

Benefit earned 1/1/78-12/31/87	\$4,786	(40% of \$20,000 plus 35% of \$25,000 times 10 years divided by 35 years)
Benefit earned after 12/31/87	+ \$21,214	(75% of \$45,000 times 22 years divided by 35 years)
Total	= \$26,000	
Social Security offset	- \$6,583	(50% of \$14,400 times 32 years divided by 35 years)
Annual Pension benefit beginning at 65	= \$19,417	(\$26,000 - \$6,583)
Annual reduced Pension beginning at 60	= \$12,951	(66.7% of \$19,417)

If You Leave Motorola Before Age 55

You are eligible for a Pension benefit at your retirement if you leave Motorola before age 55 and have at least five years of service. The same formula is used to calculate your benefit. Because years of service is one of the factors determining your benefit, your Pension benefit will be much lower if you work significantly less than 35 years.

You may begin to receive your benefits at the normal retirement age of 65, or you may choose to receive a reduced amount beginning at age 55 or after.

For example:

Determining Pension Benefits if You Leave Motorola Before Age 55

You began working at Motorola on January 1, 1988. You leave Motorola on January 1, 1998 at age 40. Your final average earnings are \$45,000, and your annual Social Security benefit payable at age 65 is \$13,752.

Benefit earned 1/1/78-12/31/87		(Does not apply to you)
Benefit earned after 12/31/87	\$9,643	(75% of \$45,000 times 10 years divided by 35 years)
Social Security offset	<u>- \$1,965</u>	(50% of \$13,752 times 10 years divided by 35 years)
Annual Pension benefit beginning at 65	= \$7,678	(\$9,643-\$1,965)

If You Are Totally Disabled When You Retire

If you have a permanent and total disability that makes you eligible for Social Security disability benefits, you may also be eligible for a Motorola Pension Plan benefit. Your benefits may begin as early as age 55. You do not need five years of service.

If you receive Long-Term Disability benefits under Motorola's Disability Income Plan at the same time you receive Pension benefits, your Disability benefits will be reduced by the amount of your Single Life Annuity Pension Benefit, whether or not you choose another form of Pension benefit payment.

Your final average earnings and Social Security benefits used in the Pension formula will be determined as of the date your active employment terminates due to disability. You will receive credit for years of service for the time earned prior to your disability, as well as credit for years of service during your disability until the date your Pension benefits begin.

If you choose to begin receiving your Pension benefits prior to age 65, you will receive a reduced benefit based on your age, as well as a reduction based on the payment option you elect to receive other than a Single Life Annuity. If you wait until you are age 65 or the date Long-Term Disability benefits end, if later, you will receive 100% of the monthly amount you earned as of the date your benefit payments begin, less a reduction for the payment option chosen other than a Single Life Annuity.

For example:

Determining Pension benefits if disabled

You begin working at Motorola on January 1, 1978. You become disabled on January 1, 1994 at age 59 and elect to begin receiving your Motorola Pension Plan benefits on January 1, 1995 at age 60 in the form of a Joint and Survivor 100% Annuity. You have a total of 17 years of service at age 60 - 10 years before January 1, 1988, 6 years after December 31, 1987 before you became disabled, and 1 credited year during your disability up to the date your benefits begin. Your final average earnings are \$45,000 and your annual Social Security disability benefit is \$13,788 as of the date of your disability.

Benefit earned 1/1/78-12/31/87	\$4,786	(40% of \$20,000 plus 35% of \$25,000 times 10 years divided by 35 years)
Benefit earned after 12/31/87	<u>+ \$6,750</u>	(75% of \$45,000 times 7 years divided by 35 years)
Total	= \$11,536	(\$4,786 + \$6,750)
Social Security offset	<u>- \$3,349</u>	(50% of \$13,788 times 17 years divided by 35 years)
Annual Single Life Annuity Pension benefit at age 65	= \$8,187	(\$11,536 - \$3,349)
Single Life Annuity Pension benefit at age 60	= \$5,461	(\$8,187 times 66.7%)
Joint & Survivor Annuity benefit at age 60	= \$4,751	(\$5,461 times 87%)

If you elect to receive your Pension benefit at the same time you are receiving Long-Term Disability benefits, the Single Life Annuity benefit of \$5,461 will be used to offset your Long-Term Disability benefits even though you will receive the Pension benefit of \$4,751 in the form of a Joint & Survivor 100% annuity.

Choosing How Your Pension Benefit will be Paid

If the value of your Pension benefit is \$3,500 or less, you will automatically receive a lump-sum payment. You may take the total benefit as cash, or you may have Motorola roll it over (for example, into an Individual Retirement Account, or IRA).

If the value of your Pension benefit is more than \$3,500, you have four options for receiving your monthly benefits. The option you choose will determine the benefit amount paid each month.

Your Pension Options At-a-Glance

Type of Annuity	Your Benefits	Your Spouse's Benefits	Your Beneficiary's Benefits	Spouse's Consent
Single Life	Monthly payments as long as you live after retirement	No payments to spouse	No payments to beneficiary	This option is automatic if you are not married when you retire and don't choose another option.
Qualified Joint and Survivor	Reduced monthly payments as long as you live after retirement	50%, 75%, or 100% of your monthly benefit after your death for as long as your spouse lives	No payments to beneficiary	This option, with a 50% spouse benefit, is automatic if you are married when you retire and don't choose another option.
Joint and Survivor	Reduced monthly payments as long as you live after retirement	No payments to spouse	50%, 75%, or 100% of your monthly benefit after your death, for as long as your beneficiary lives	If you are married when you retire, you must have your spouse's notarized consent to elect this option.
Life-Ten Years Certain	Reduced monthly payments for life, but guaranteed for at least ten years	Your beneficiary (spouse or other) receives remaining payments if you die before payments are made for ten years	Your beneficiary (spouse or other) receives remaining payments if you die before payments are made for ten years	If you are married when you retire, you must have your spouse's notarized consent to elect this option.



Each option is a type of "annuity," which means a fixed amount will be paid each month for a specific period of time.

Single Life Annuity

Each of the benefits determined in the Pension examples so far have been Single Life Annuities. This means you'll receive that fixed amount every year (paid monthly) for as long as you live after you retire.

If you are not married when you retire and do not choose another option, you will automatically receive the Single Life Annuity option. If you are married when you retire but would like the Single Life Annuity option, you must waive the Qualified Joint and Survivor Annuity and have your spouse's notarized consent in writing.



If you retire and are married but have not elected an option, you will automatically receive the Qualified Joint and 50% Survivor Annuity.

Qualified Joint and Survivor Annuity

This is the most common annuity received by married retirees. In fact, if you are married and would like to choose a different option, you must have your spouse's notarized consent in writing.

With this option, your monthly payments will be reduced in order to provide your spouse with monthly Pension benefits when you die. You choose whether to provide your spouse with 50%, 75%, or 100% of your monthly Pension benefit. The higher the percentage you choose for your spouse, the more your benefit will be reduced. In addition, the younger your spouse is, the more your benefit will be reduced. This is because more payments will likely be made during a younger spouse's lifetime.

The table below shows the percentage of the Single Life Annuity benefit you would receive based on two factors: your spouse's age and the percentage of benefits you choose for your spouse.

Joint and Survivor Annuities

If Your Beneficiary's Is:	And You Choose This Percentage of Benefits for Your Beneficiary:			
	50%	75%	100%	
5 or more years older than you	91%	87%	83%	This is the Percentage of Single Life Annuity Benefits Paid To You After You Retire
Within 5 years of your age	87%	82%	77%	
5-9 years younger than you	84%	78%	73%	
10-14 years younger than you	82%	75%	69%	
15-19 years younger than you	80%	72%	66%	
20 or more years younger than you	76%	67%	60%	

Joint and Survivor Annuity

This annuity is identical to the Qualified Joint and Survivor option except that Pension benefits are paid to a beneficiary other than your spouse upon your death. You may choose this option whether or not you are married.

The information and table provided under the Qualified Joint and Survivor section also apply to this option. Please refer to the previous section for details.

Life-Ten Years Certain Annuity

This last option guarantees you will receive Pension benefits for at least ten years (120 monthly payments). In exchange for this guarantee, your monthly benefits will be reduced. The amount your benefits are reduced depends on your age when payments begin. You'll continue to receive payments for as long as you live. If you should die before receiving all 120 payments, your beneficiary will receive the remaining payments, up to 120. If you receive payments for more than ten years, no payments will be made to your beneficiary upon your death.

The table below shows the percentage of the "Single Life Annuity" benefits you would receive, based on your age, if you elect the Life-Ten Years Certain Annuity option.



If you are married when you retire, you cannot choose the Joint and Survivor Annuity or the Life-Ten Years Certain Annuity without your spouse's notarized consent in writing.

Life-Ten Years Certain Annuity

Your Age When Payments Begin	Percentage of "Single Life Annuity" Benefits Paid to You
66 or older	90%
61-65	94%
55-60	96%

Changing Your Annuity Option

You may choose any of the above options for the payment of your Pension benefits. You may change your decision up until the time you begin to receive benefits.

Your Spouse's Consent

You must have your spouse's notarized consent if:

- you are married at the time you retire; and
- the value of your Pension benefit is more than \$3,500; and
- you choose any option other than the Qualified Joint and Survivor annuity.

In this case, your spouse must personally sign the *Request for Payment of Benefits* form before a notary public or Plan representative. In addition, he/she must provide identification that he/she is actually your spouse.

If You are Married and Die Before Pension Benefits Begin

If you are married and die after at least five years of service, your spouse is entitled by law to Pension benefits as a Qualified Pre-Retirement Survivor Annuity. The date benefits begin and the amount of benefits paid to your spouse depend upon whether you die before or after age 55.

After Age 55

If you die after age 55, your surviving spouse will receive a 50% Qualified Joint and Survivor Annuity as if you had chosen this option and retired on the day before your death. Your surviving spouse may elect to start payments at any time between the date of your death and the date on which you would have turned age 65.

For example:

Survivor Benefits After Age 55

You have an accrued annual Pension benefit of \$15,000 per year payable at age 65. You die at age 60, before you begin to receive Pension benefits. Your surviving spouse may begin receiving benefits on the first day of the month after your date of death.

Annual benefit payable to you at age 65	\$15,000
Reduction for age 60 retirement	$\times 66.7\%$
Annual benefit payable to you at age 60	<u>\$10,005</u>
Adjustment for Joint and Survivor 50% option (spouse same age as you)	$\times 87\%$
Annual benefit payable to you at 60 with the Joint and Survivor option	<u>\$8,704</u>
Annual benefit payable to your surviving spouse on the first day of month following your death (50%)	\$4,352



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Before Age 55

If you die on or before age 55 with at least five years of service, your surviving spouse will receive the 50% Qualified Joint and Survivor Annuity as if you had separated from service on the date of death, survived to age 55, and retired with this option on the day you turned age 55. Your surviving spouse may elect to start payments at any time between your Earliest Retirement Date and the date on which you would have turned age 65.

For example:

You have an accrued annual Pension benefit of \$15,000 payable at age 65. You die at age 50, before you begin to receive Pension benefits. Your surviving spouse may begin receiving benefits on the first of the month following the date you would have turned 55.

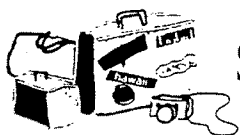
Annual benefit payable to you at age 65	\$15,000
Reduction for age 55 retirement	× 50%
Annual benefit payable to you at age 55	\$7,500
Adjustment for Joint and Survivor 50% option (assumes spouse same age as you)	× 87%
Annual benefit payable to you at 55 with the Joint and Survivor option	\$6,525
Annual benefit payable to your surviving spouse at your 55th birthday (50%)	\$3,263

Estimating Your Pension Benefit

You may ask your local Human Resources representative to print out an estimated projection of your Pension benefit. You choose the retirement age to be used in the projection. Please be aware that this is just an estimate, because your final average earnings and Social Security benefits can only be estimated at this time.



Asking for a Pension estimate can be very helpful in planning your long-term savings goals and in deciding which Pension option will be best for you.



Supplemental Pension Plan

The purpose of the Motorola Supplemental Pension Plan is to provide benefits for highly compensated Motorolans whose Pension Plan benefits are reduced by the IRS annual salary limitation (Section 401(a)(17) of the Code). This limitation is subject to change each year (the 1997 amount is \$160,000). You will be considered a highly compensated employee if your eligible compensation used to determine your Pension benefit (see Page 4) exceeds the IRS annual salary limitation.

The Supplemental Pension Plan is a non-qualified plan, which means benefits are subject to FICA and federal income taxes. Therefore, you will be personally contacted if you become eligible for the Plan.

Eligibility

You are eligible for this Plan if:

- you are at least 55 years old and have at least five years of service;
- you are eligible for a Pension Plan benefit; and
- your Pension Plan benefit is reduced by the IRS annual salary limitation.

You are not eligible for this Plan if you participate in the Motorola Elected Officers' Supplemental Retirement Plan.

Benefit Payment

If you are eligible, your Supplemental Pension benefit will be payable each month in the same form as your Pension benefit. Your Supplemental Pension benefit will begin and end on the same dates as your Pension benefit.

The monthly amount paid to you is the amount by which your Pension benefit is reduced each month due to the annual salary limitation.

If you think you may be eligible for this Plan and would like detailed information, contact your local Human Resources representative or the Retirement Benefits Administration office.





Supplementary Contributory Retirement Plan

Before January 1, 1978, Motorola's Pension Plan was known as the Supplementary Contributory Retirement Plan—SCRCP for short.

Participation in SCRCP was voluntary, and if you chose to enter SCRCP you made contributions to the Plan. Each member of the Plan contributed 5% of his/her annual pay over \$7,500 (on an after-tax basis).

Your SCRCP Benefit

When SCRCP ended on December 31, 1977, the amount of your SCRCP benefit was "frozen." This means that whatever benefit you had earned at that point will be the same amount payable to you when you retire. If you retire before age 65 and elect your Pension and SCRCP benefits early, then your SCRCP benefit will be reduced just like your Pension benefit. See Page 11.

You have two choices for receiving your SCRCP benefit:

- You may have the SCRCP benefit added to the benefit you earn under the current Pension Plan. In this case, both benefits will be added together and paid to you monthly when you retire (through the payment option of your choice).
- You may choose to take the value of your SCRCP contributions and interest on those contributions in a single lump sum when you retire or leave Motorola, plus receive a reduced monthly SCRCP benefit beginning at normal retirement.



If you do not request payment when you leave Motorola, the SCRCP benefit may be left in the Plan until you turn age 65.

Interest on SCRCP

Interest on SCRCP contributions is credited at the following rates:

January 1, 1958—December 31, 1971	3%
January 1, 1972—December 31, 1975	4.25%
January 1, 1976—December 31, 1978	5%
January 1, 1979 and later	6%

If you choose to receive a single payment of your SCRCP contributions and interest, your reduced SCRCP benefit amount will be added to your current Pension Plan benefits payable to you at your normal retirement date.

If You are Married and Die Before Benefits Begin

If you are married and die before you begin receiving Pension benefits, a SCRP benefit will be payable to your surviving spouse as a Qualified Pre-Retirement Survivor Annuity.

If you should die before retirement, your spouse has two choices:

- a single payment of your SCRP contributions and interest plus a reduced monthly benefit at your normal retirement age, or
- the Qualified Pre-Retirement Survivor Annuity payable beginning at your normal retirement age.

Your surviving spouse is automatically your beneficiary unless your spouse consents in writing before benefit payments begin. If your beneficiary is not your surviving spouse, the following will occur if you die before Pension benefits begin:

- your beneficiary will receive a single payment of your SCRP benefits and interest, and
- your surviving spouse may receive a reduced monthly benefit.

If you should die while not eligible for the automatic surviving spouse protection, your beneficiary will receive a single payment of your SCRP contributions and interest. No other death benefits will be payable.

Termination of Employment

If your employment ends for any reason other than retirement or death, your SCRP contributions and interest may be paid out in a single payment or left in the Plan for later payment to you as a single payment or as an annuity. If you are married, you must have your spouse's notarized consent to receive the single payment.

The SCRP benefit you've earned will become payable at any time on or after age 55. Your monthly SCRP benefit will be reduced if you choose a single payment of your SCRP contributions and interest.

Except for the single payment of SCRP contributions and interest described above, the options for receiving your SCRP benefit are the same as for current Pension Plan benefits (see Page 15).



SCRP benefits are payable based on your age at your death (before or after age 55). See Pages 18 and 19.

Profit Sharing and Investment Plan



Profit Sharing and Investment Plan

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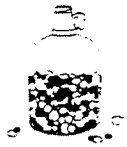
What TIME Can Do for You

What TIME Can Do for You

What TIME Can Do for You

What TIME Can Do for You

**Profit Sharing
and
Investment
Plan (cont'd)**





Profit Sharing and Investment Plan

There are three reasons to contribute to the Profit Sharing and Investment Plan:

- ❶ Tax deferral—you have more money to invest because your contributions aren't subject to federal income tax until you withdraw them from your account.
- ❷ Four investment funds—you decide which of the four funds in which to invest your contributions. Any earnings your investments make remain in your account to be further invested. Your earnings are not taxed until you withdraw money from your account.
- ❸ Company Contributions—if you contribute to the Plan you'll be eligible for Company Contributions to your account.

Your Profit Sharing and Investment Plan At-a-Glance

When you can begin contributing

You may begin contributing pre-tax dollars from your pay as of your first day at work.

The maximum you may contribute

You may contribute up to 17% of your pay to your Profit Sharing and Investment Plan "account." The Internal Revenue Service (IRS) limits the maximum amount you may contribute to your account each year. (The 1997 amount is \$9,500.) This maximum will be reviewed annually by the IRS and Motorola will communicate any changes to you.

The minimum you may contribute

You must contribute at least 1% of your pay to the Plan. If you do not make an election, 3% of your pay will automatically be contributed on the first day after you complete 12 months of continuous employment in which you work at least 1,000 hours. You may change your contribution percentage if you later decide to contribute more or less.

When you are eligible for Company Contributions

You are eligible for Company Contributions on the first day of the month after you complete 12 months of continuous employment in which you work at least 1,000 hours.

How Motorola contributes to your account

In addition to your own contributions, there are two ways you may receive Company Contributions:

- ❶ Matching Contributions—made on a pay-period basis, and
- ❷ Profit Sharing Contributions—made at the end of the year.

Each year, depending on Motorola's profits, you may receive one of these contributions, neither, or both.



You must use the TIME system to change your contribution percentage. You may request a change only once in any three-month period.



You'll be eligible for the maximum Company Contributions if you contribute at least 3% of your pay to your account.

Your Contributions

You decide the percentage of your pay that you would like to contribute to your account. The percentage you elect will be taken from each paycheck and added to your account.

You may begin contributing to your account on the day you are hired. There are limits to the amount you may contribute each year.

- **Minimum contribution**—To encourage long-term saving, the Plan requires that you contribute at least one percent of your pay after one year of service in which you work at least 1,000 hours. If you don't make an election, three percent of your pay will automatically be contributed to your account beginning the first of the month following your first anniversary. You may increase or decrease your contribution percentage by calling the TIME System (1-800-585-5700).
- **Maximum contribution**—You may contribute up to 17% of your pay, not to exceed annual IRS limits.

Your contributions are transferred to the Profit Sharing Trust as soon as they can reasonably be segregated from Motorola's general assets, but no later than the 15th business day of the month following the month in which contributions were taken from your compensation.

Your Tax Savings

Your contributions are not considered part of your current earnings. As a result, they are not subject to federal income taxes, or the income taxes of most states and cities. Your contributions are not subject to these taxes until you withdraw them from your account. This means more of your earnings will go directly into your account—therefore, you have more money to invest.



In 1997, this IRS limitation applied to employees with annual salaries of \$160,000 or more.



Motorola's profit after tax was 4% or higher all but one year from 1986 to 1996.



To be eligible for the maximum Company Contributions based on your compensation contributed, you must contribute at least 3% of your pay.

Company Contributions

There are two ways you may receive Company Contributions each year. Both types of contributions depend upon Motorola's profits. You are eligible for Company Contributions after one year of service in which you work at least 1,000 hours.

Matching Contributions

Company Matching Contributions are made to your account if, at the end of the previous year, Motorola's profit after tax (PAT) is at least four percent of sales.

When a Company Match is made, you receive Matching Contributions to your account every pay period of the year. The amount of the Matching Contributions depends on the percentage of pay you contribute to your account.

Motorola will match one dollar for every dollar you contribute on the first one percent of your pay you contribute to your account, and fifty cents for every dollar on the next two percent of your pay you contribute.

For example:

At year end, Motorola's profit after tax (PAT) is 4% of sales. Therefore, a Company Match will be made to the accounts of all eligible Motorolans for every pay period of the following year. Let's say you contribute 5% (\$1,500) of your \$30,000 salary to your Profit Sharing and Investment Plan account. The Matching Contribution to you would be \$600:

% of Pay You Contribute	Your Monthly Contribution	Your Annual Contribution	Company Match	Matching Contribution	Annual Match
First 1%	\$25	\$300	\$1 for each \$1	\$25	\$300
Second 1%	25	300	50¢ for each \$1	12.50	150
Third 1%	25	300	50¢ for each \$1	12.50	150
Last 2%	50	600	No Match	0	0
Total	\$125	\$1,500		\$50	\$600

Although you don't receive a Company Match on any amount above the 3% of pay you contribute to the Profit Sharing and Investment Plan, every additional percentage you contribute can really add up over the years.

Profit Sharing Contributions

When Motorola achieves financial success, you do too! In addition to the Matching Contribution, a single Profit Sharing Contribution may be made as of the end of the year to all eligible participants in the Profit Sharing and Investment Plan.

At year end, if the Profit Sharing formula results in a Profit Sharing Contribution that is greater than the total Matching Contributions paid over the course of the year, then the difference will be spread among the accounts of all active participants as well as employees who retired during the current year.

Your individual share of the total Profit Sharing Contribution will be based on your contributions up to the first three percent of pay. In other words, to receive the maximum Profit Sharing Contribution you must contribute at least three percent of your pay to your Profit Sharing and Investment Plan account.

Profit Sharing Formula

The Profit Sharing formula is 7 1/2% percent of Motorola's worldwide earnings before income taxes. The earnings are multiplied by the ratio of U.S. payroll (except non-participating subsidiaries) to worldwide payroll because the Plan applies to U.S.-based employees only.

$$\text{Worldwide Profits} \times 7\frac{1}{2}\% \times \frac{\text{U.S. Payroll}}{\text{Worldwide Payroll}} = \text{Motorola's Profit Sharing Contribution}$$



Federal regulations limit the amount of Company Contributions you can receive in a single year. You will be notified in the unlikely event that this limit applies to you.



The maximum Profit Sharing Contribution that can be made is 15 percent of the compensation received by all participants during the year for which the contribution is made.

The Profit Sharing Contribution grows as Motorola profits grow.

For example:

The total Matching Contributions for all participants for the current year is \$80 million. At year end, the Profit Sharing Contribution formula results in a total of \$90 million. Because the formula amount is greater than the total Matching Contributions made, the difference—\$10 million—would be spread among all participants at the end of the year.

Profit Sharing Contribution Formula	\$90 million
Matching Contributions	– \$80 million
Profit Sharing Contribution	\$10 million

Your Share of the Profit Sharing Contribution

If the Profit Sharing Contribution formula results in a greater amount than the total Matching Contributions, each participant will receive a Profit Sharing Contribution at the end of the year. Your share of the total Profit Sharing Contribution depends on:

- the percentage of pay (up to 3%) you contributed to your account that year,
- the total percentage of pay (up to 3%) contributed by all Profit Sharing participants for that year, and
- the total compensation of all participants.

Forfeitures

Forfeitures are the portion of Company Contributions (both Matching and Profit Sharing Contributions) that are forfeited by participants who leave Motorola before their accounts become fully vested. Forfeitures are used to offset Company Contributions.

If you leave Motorola and are not fully vested when you leave, you may be eligible to have your forfeitures restored upon rehire. Contact the Retirement Benefits Administration office for more information.



Investing Your Contributions

You decide how to invest your account balance. Your account balance includes your contributions and any contributions made by Motorola.

You may choose to invest your account in one or more of the four investment funds which make up the Profit Sharing and Investment Trust Fund.

The four separate investment funds you may choose from are outlined in the chart on the next page.

Motorola's Four Investment Fund Options

Fund	Objective	Investment Strategy	Investment Risk
Motorola Stock Fund*	Long-term growth	Motorola, Inc. common stock and short-term investments	Highest
Equity Fund	Long-term growth	Diversified common stocks and short-term investments	 
Balanced Fund	Long-term growth	Principally domestic stocks, international stocks, and fixed income securities (bonds)	
Short-Term Income Fund	Relatively stable account value—limited growth	Fixed income securities	Lowest

* Up to 25% of your contributions may be invested in the Motorola Stock Fund. Transfers from other funds into the Motorola Stock Fund may be made until your Motorola Stock Fund balance exceeds 25% of your total account balance.

Gains and Losses

As with any investment you make, there are no guarantees against losses. Each fund is subject to increases and decreases in dollar value as the financial markets respond to economic, social, and political conditions.

It is your decision how to invest your account. At any given point in time, your contributions and those made by Motorola may have decreased in value rather than increased. In general, the "riskier" Funds are more likely to have greater "ups and downs" than less risky funds, but may have a greater potential for higher positive returns over the long term.



Annual and historical investment returns of the Funds are published in the first quarter *Benefits & You* magazine each year.

Historical Investment Returns*

Year	Balanced Fund	Equity Fund	Motorola Stock Fund	Short-Term Income Fund
1992	7.3%	8.0%	61.4%	7.1%
1993	11.0%	9.8%	76.8%	6.6%
1994	-1.3%	2.0%	25.6%	0.0%
1995	26.1%	35.7%	-1.5%	10.0%
1996	14.6%	22.3%	8.4%	5.2%
5 Yr. Annualized	11.2%	15.0%	30.8%	5.7%
10 Yr. Annualized	12.0%	15.2%**	22.2%	7.2%

*Past performance may not be an indicator of future investment performance.

**The Equity Fund became available 1/1/88. Therefore, the 9-year annualized return is indicated.

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You must call the TIME voice response system to make election changes. See Page 32 for more details.

Investment Elections

After you decide the percentage of your pay you would like to contribute to your account, there are two types of investment decisions you may make. You may:

- decide how to invest contributions to your account
- transfer dollars from one investment fund to another

Investing Contributions to Your Account

You may elect to have your contributions and Company Contributions invested in one, two, three, or all four of the funds. You may invest up to 25% of your contributions in the Motorola Stock Fund. You may invest up to 100% of your contributions in any of the other three funds.

Your investment elections must be made in multiples of five percent.

For example:

You may choose to have 45% of your contributions invested in one fund and 55% in a second fund. You would not be able to invest 42% of your contributions in a single fund.



You must use TIME to make account transfers!

If you do not make an investment election when you join the Plan, 100% of the contributions made to your account will be invested in the Balanced Fund. You may later change your investment election, if you wish.

Transferring Dollars Between Funds

You may move part or all of your account balance from one investment fund to another fund (subject to the 25% limit in the Motorola Stock Fund).

You must transfer dollars in multiples of 5%.

For example:

You may transfer 15% of your balance from one fund into another fund, or more, but you may not transfer, say, 17% of your balance.

When transferring dollars between one or more funds, you'll be asked to make two decisions:

- ❶ the percentage of your fund balance that you want transferred, and
- ❷ the percentage of those transferred dollars to be invested into your elected fund(s).

For example:

Let's say you would like 25% of your Equity Fund account balance transferred out of that Fund and split equally among the Balanced and Motorola Stock Funds. You would:

- ❶ Request that 25% of your Equity Fund balance be transferred out of that Fund.
- ❷ Request that 50% of the transferred dollars be invested in the Balanced Fund.

and

Request that the remaining 50% of the transferred dollars be invested in the Motorola Stock Fund.

If, instead, you would like all of the transferred dollars invested in the Balanced Fund, you would:

- ❶ Request that 25% of your Equity Fund balance be transferred out of that Fund.
- ❷ Request that 100% of the transferred dollars be invested in the Balanced Fund.

When You Can Change Your Elections

You may change your elections any day of any month. However, except for transfers out of the Motorola Stock Fund, changes cannot be made more often than once in any three-month period. You must make your election changes through Motorola's voice response system, TIME. (See Page 32 for more information about TIME.)

If you make an investment election change before the last business day of any month, your election will become effective the first day of the next month.

For example:

You call TIME on March 25th to make a change. Your new election becomes effective April 1st.

If you make a transfer election before the last business day of any month your transfer will become effective at the end of that month. There is one exception to this rule: transferring dollars out of the Motorola Stock Fund.

Transferring Funds Out of the Motorola Stock Fund

When you transfer dollars out of the Motorola Stock Fund, your election will become effective at the close of business on the next Motorola business day during which Motorola stock is traded on the New York Stock Exchange after you make your request. Money moved out of the Motorola Stock Fund is placed in an interest-bearing cash account until the end of the month. At month-end, it is transferred into the fund(s) you elected. Once the money is placed in the cash account, you cannot transfer it back into the Motorola



You may change your investment election once in any three-month period by calling TIME: 1-800-585-5100. Changes become effective on the first of the following month.



If you are a U.S. expatriate, you may call TIME at 1-602-675-9661.

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Stock Fund. However, you may elect to have the money transferred from the cash account into a fund or funds that is different from your original election, if you make the request before the last Motorola business day of the month.

If you elect to transfer any part of your balance out of the Motorola Stock Fund, you will lose the potential "net unrealized appreciation" option (described on Page 58) on the amount you transfer.

Use TIME To Get Information and Make Elections

TIME is Motorola's computerized, interactive telephone system. TIME helps you get Profit Sharing and Investment Plan information and make elections at the touch of a button. All you have to do is call 1-800-585-5100—toll-free—and follow the step-by-step directions.

Three Things You Need to Use TIME

To help ensure confidentiality and to meet federal requirements, there are three things you'll need to do to access your personal information on TIME:

① Complete an authorization card

Signing this card allows you to make elections through TIME. You only need to complete this card once. If you haven't submitted a card, you may get one from your local Human Resources office.

② Know your Personal Identification Number (PIN)

Just like your bank card, you need your PIN to access your personal information or make elections through TIME. Your PIN helps protect your account information. If you've misplaced or forgotten your PIN, you may request a new one by calling TIME. While you are waiting for your new PIN to be mailed to your home, you will be unable to access your personal information on the TIME system.

③ Know your Social Security number

As a second layer of protection, you'll need to enter your Social Security number as well as your PIN whenever you call to access your personal information or make elections.

What TIME Can Do for You

You may get the following information about your Profit Sharing and Investment Plan account when you call TIME:

- your account balance
- the percentage of pay you contribute to your account
- your investment fund elections
- outstanding loan balances, payment amounts, and loan interest rate
- amount available to borrow and payment amounts for possible loans
- amount available for hardship withdrawal
- descriptions of each investment fund
- investment returns for each fund and benchmark returns



TIME is confidential, easy to use, and available virtually 24-hours every day.



During any call to TIME, you may change your computer-generated PIN to a number that is simple for you to remember but not easy for others to guess.

You may request the following elections for your account (if you have submitted a TIME authorization card):

- transfer existing account balances between funds (written confirmation is sent to you when the transfer occurs).*
- change how your contributions are invested (written confirmation is sent to you when the change is requested).*
- change the percentage of pay you contribute (written confirmation is sent when the change is requested in addition to the confirmation on your paycheck after the change occurs).*
- request a loan from your account (you will be sent a *Loan Note and Acknowledgment* form to fill out and return). You may elect to have the Loan Note and Acknowledgment form sent to you by fax or mailed to your home address.

* You may change or cancel your monthly elections at any time prior to the last business day of the month in which you made your initial election.

How to Use TIME

It's as easy as dialing the toll-free number—1-800-585-5100—and following the step-by-step directions. The chart below shows you the telephone pad numbers to press for each option.

To Use TIME Call 1-800-585-5100 (Expatriates may call 1-602-675-9661)

- Enter your Social Security number
 - Enter your PIN (if you need a new PIN, press #)
- | | |
|---|---|
| ① Account Information and Election Requests | <ul style="list-style-type: none"> 1. Account balance 2. Contribution percentage 3. Investment elections for your contributions 4. Transfer existing fund balances 5. Hardship withdrawal amount |
| ② Loan Information | <ul style="list-style-type: none"> 1. Current loans 2. Amount you can borrow 3. Loan request and sample loan amounts |
| ③ Investment Returns | |
| ④ General Plan Information | <ul style="list-style-type: none"> 1. Fund descriptions 2. Newest features 3. Future enhancements |
| ⑤ PIN Information | <ul style="list-style-type: none"> 1. Change PIN 2. Request new PIN 3. Confirm PIN authorization |
| ⑥ TIME Survey | |

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Remember—the value of any contribution is subject to investment market increases and decreases. There is no guarantee that you will receive an amount equal to or greater than what has been contributed to your account.

Determining Your Profit Sharing and Investment Plan Benefit

You can call the TIME system at any time to find out the current value of your Profit Sharing and Investment Plan account. You will also be told your “vested” account balance.

Your Contributions

You are 100% vested in your own contributions at all times. This means you have the right to receive the full value of this part of your account if you leave Motorola for any reason.

Company Contributions

The part of your account created by Company Contributions is vested—from 50% to 100%—depending on your years of service. Your Company Contributions and earnings on those contributions are fully vested when you have five years of service. Vesting in your account increases with your years of service:

Vesting At-a-Glance

Years of Service	Amount Vested
Up to 3 years	50%
After 3 years	60%
After 4 years	80%
After 5 years	100%



When You Receive Your Full Account Balance

You are eligible for the full value of your entire account if:

- you retire from Motorola at age 65 or older, regardless of how many years of service you have;
- you are determined to be totally and permanently disabled under Motorola's Long-Term Disability Plan or for Social Security purposes;
- you leave Motorola for any reason after at least five years of service; or
- you die while employed by Motorola.

If You Die While Employed by Motorola

If you die while employed by Motorola, your account will automatically be 100% vested—regardless of your years of service.

In case of your death, your entire account balance (less any outstanding loan balance for loans issued before January 1, 1996) will be payable to the beneficiary or beneficiaries you have designated in accordance with Plan provisions. If you are married, your account will be paid to your surviving spouse unless you designate another beneficiary and your spouse consents in writing to the designation. (See *Naming Your Beneficiary*, Page 45, for more information.) Your surviving spouse or beneficiary must request payment of your account balance if it is \$3,500 or more before the date on which you would have turned age 70. If your account balance is less than \$3,500 at the time of your death, the account balance will be distributed as of the end of the month following the month in which you died.



You may call the TIME system (1-800-585-5100) any hour of the day to find out the amount of your vested account balance.

If You Leave Motorola Before Five Years of Service

If you leave Motorola before you have five years of service you will be eligible to receive the percentage of your account that is vested. This rule does not apply if you retire at age 65 or older, become totally disabled, or die while employed by Motorola.

You are always 100% vested in your own contributions to your account and any earnings on those contributions. The chart on Page 34 shows the percentage of Company Contributions you are eligible for after each year of service.

Choosing How Your Account will be Paid

If the vested value of your Profit Sharing and Investment Plan account is \$3,500 or less, you will automatically receive it as a lump sum. You may take the total amount in cash, or you may roll it over, for example, into an Individual Retirement Account (IRA) or another qualified employer plan.

If the vested value of your account is more than \$3,500 (or was more than \$3,500 at the time of any other distribution), you have several payment options. It's important that you carefully consider your choice because:

- you should choose the option that fits your financial needs, and
- the option you choose can affect your income taxes.

While Motorola cannot—and does not—give tax advice to Plan participants, you should read "Important Tax Information" on Page 53.



For individual tax advice, you are encouraged to consult an attorney, accountant, or other qualified tax advisor.

Your Payment Options

The payment options available to you depend on when you began working at Motorola and when your employment ends.

Your Payment Options At-a-Glance

Option	Reason for Which Option can be Elected	Description of Option
Lump Sum	You may elect this option no matter why your employment ended.	Single payment of vested amount of your account. This option is automatic if you are not married when you leave Motorola and don't choose another option.
Direct Rollover	You may elect this option no matter why your employment ended.	Transfer by Motorola of all or a portion of your account to another qualified employer plan or Individual Retirement Account.
Installments	You may elect this option if: <ul style="list-style-type: none"> • you were hired before 1/1/96, and • your employment ended due to retirement or total disability. 	Payments made once a year, paid over a certain period not exceeding your life expectancy (or the life expectancy of your designated beneficiary).
Annuity	You may elect this option if: <ul style="list-style-type: none"> • you were hired before 1/1/96, and • your employment ended for any reason. 	Regular monthly payments paid over a certain period (for example, your lifetime). See Page 15 for the annuity options you may choose from.
Combination	You may elect this option no matter why your employment ended.	Various combinations of the options for which you are eligible may be requested.

Lump Sum

You may elect this payment option no matter why your employment at Motorola ends, and no matter when you began working at Motorola.

If you elect the Lump Sum option you will receive a single payment of the vested value of your account at the time your employment ends.

If you are not married when your employment ends, you do not choose another option, and your vested account value is more than \$3,500, you will automatically receive the Lump Sum option when you turn age 70.

Direct Rollover

You may elect this payment option no matter why your employment at Motorola ends, and no matter when you began working at Motorola.

You may elect to transfer all or part of your vested account value into an IRA, individual retirement annuity, a qualified annuity plan, or to the qualified defined contribution retirement plan of your new employer (if that plan permits direct rollovers).

If you are a surviving spouse or other beneficiary see Page 59 for information regarding your eligibility for rollovers.

Installments

You may elect this payment option if your employment ends due to retirement or total disability—but only if you began working at Motorola before January 1, 1996.

Annual installments are paid over a certain period of time. The installments will not be paid beyond your life expectancy (or the joint and last survivor life expectancy of you and your designated beneficiary).

When you choose this option, the balance of your account (after each payment) will remain invested in the funds you have elected. You will have the same investment options as active employees. Investment returns may increase or decrease the amount of your future installment payments.

Your spouse, beneficiary or estate is not entitled to elect the installment method of payment after you die, but will receive the remainder of your account in one single-sum payment.

Annuity

You may elect this payment option no matter why your employment at Motorola ends, but only if you began working at Motorola before January 1, 1996.

Annuities are insurance contracts purchased for you with part, or all, of your account balance. Annuities are regular, monthly payments over a specific period of time (for example, for your lifetime).

There are several types of annuities you may choose from. Some include survivor benefits for your spouse or designated beneficiary. You have the same options as with the Pension Plan. See Page 15 for details on annuity options available to you.

For More Information About Your Options

Before you retire or leave Motorola you will be provided with detailed information about each of your payment options—and how to make your choice—if you notify Human Resources that you plan to end your employment.

When Your Account Balance is Determined

The value of your account balance will be determined when the latest of the following events occur:

- your employment with Motorola ends;
- you are determined to have become totally and permanently disabled;
- you die; or
- your *Request for Payment of Benefits* form is received by the Retirement Benefits Administration office.

If you are invested in the Motorola Stock Fund, your account value in this Fund will be as of the prior Motorola business day before the payment is issued.

Your Date of Termination

Your date of termination will be the last day you work. If you are on a layoff or leave of absence, your termination date is the date your layoff or leave is ended by you or by Motorola without your returning to work.

When Payments Begin

Vested Account Balance More Than \$3,500

(Or More Than \$3,500 at the Time of any Prior Distribution)

If You Request a Payment Option in Writing

You will receive payment along with an account statement confirming the account value and payment option. Any payment due to you (or your beneficiary) will begin to be paid within 60 days of the latest of the following events to occur:

- your employment with Motorola ends;
- you are determined to have become totally and permanently disabled;
- you die; or
- your *Request for Payment of Benefits* form is received by Retirement Benefits Administration.

If You do not Request a Payment Option

Your vested balance will be held in the Plan until you reach age 70, or earlier if you request a method of payment. If you do not choose a payment method within 60 days after your balance is supposed to be paid out, it will be distributed as a Qualified Joint and Survivor Annuity if you are married, or as a lump sum if you are single.

Vested Account Balance \$3,500 or Less

Motorola will mail (to your last known address) a lump-sum payment of the total amount due to you. Included will be a final *Statement of Account*. If you would prefer to roll over your Profit Sharing distribution, your *Request for Payment of Benefits* form must be received by the Retirement Benefits Administration office within 30 days of your last day worked; otherwise you will receive a lump-sum payment within 60 days of your last day worked.

Your Spouse's Consent

You must have your spouse's notarized consent if you elect an annuity other than a Qualified Joint & Survivor 50% annuity and:

- you were hired before January 1, 1996,
- you are married, and
- your vested account value is greater than \$3,500 (or was more than \$3,500 at the time of any prior distribution).

If you choose another option you must have your spouse's notarized consent in writing. This election must indicate that you alone are to receive the benefit or you must indicate a beneficiary. The election may not be changed without your spouse's written consent unless the consent permits designations without further consent or the change is to reinstate the Qualified Joint and Survivor 50% Annuity. The consent must acknowledge the effect of the election.

If You are Invested in the Motorola Stock Fund

If part of your account is in the Motorola Stock Fund, you may have the vested value of this Fund paid out to you either in cash or in full shares of Motorola common stock plus cash for partial shares.

Electing to receive shares of stock issued in your name may be a tax advantage to you. This is because any unrealized appreciation of the shares does not become taxable until you sell the shares. See "Important Tax Information" on Page 53.

Additional Plan Payments

You may be eligible for additional payments. If you are at least age 55 and you contributed to your account during your last calendar year of employment, you will receive a check for your vested share of any Company Contribution for that year by April 15 of the following year.

Rollovers From Other Plans and IRAs

Eligible Rollover Amounts

The Profit Sharing and Investment Plan accepts rollovers from other companies' plans which are qualified under Section 401(a) of the Internal Revenue Code and from conduit Individual Retirement Accounts or Annuities. The distribution must be by check and considered eligible for rollover (i.e., taxable dollars only). Motorola will not accept stock of other employers or rollovers from IRAs containing, in whole or in part, money contributed directly by the individual owner of the IRA.



A statement from the administrator of the former qualified plan that the amount to be rolled into the Motorola Plan is an eligible rollover distribution must be attached to a completed *Rollover Deposit Form*. If the rollover is from a conduit IRA, a statement from the financial institution certifying that the distribution was made from a conduit IRA must be attached to the *Rollover Deposit Form*, along with the statement from the former employer's plan.

Investment of Rollover Amounts

The amount of the rollover will be invested in your Profit Sharing and Investment Plan account based on your election on the *Rollover Deposit Form*. If you do not elect how to invest your rollover, it will automatically be invested in the Balanced Fund. The amount deposited into your account will be invested as of the first of the following month.

Profit Sharing Loans

The amount rolled over will be added to your total vested amount in your account. It will be included in determining the maximum amount of your potential Profit Sharing loan.

Withdrawals

Amounts rolled over from another qualified employer plan or conduit IRA are not available for hardship withdrawal from your account.

Qualified Domestic Relations Order (QDRO)

A Qualified Domestic Relations Order is a court order, judgment, or decree in connection with alimony, marital property rights or child support requirements. If a Domestic Relations Order complies with the Retirement Equity Act of 1984, as amended, Motorola will recognize it as a Qualified Domestic Relations Order and make payments to the alternate payee (your spouse, former spouse, child or other dependent) as specified in the Qualified Domestic Relations Order. You may contact the Retirement Benefits Administration office for details.

Loans From Your Account

Although the primary purpose of the Profit Sharing and Investment Plan is to help you save for retirement, many Motorolans have used Profit Sharing loans over the years to help meet serious financial needs.



The Profit Sharing Committee reviews loan interest rates each quarter. Once a loan is issued to you, you pay the same interest rate until that loan is paid in full.

Profit Sharing Loans At-a-Glance

For what reasons may a loan be requested?
You may request a loan for any reason.

What's the minimum amount I can borrow?
Each loan must be at least \$1,000.

What's the maximum amount I can borrow?
Up to 50% of your vested account balance, or \$50,000 minus your highest outstanding loan balance in the last 12 months, whichever is less.

Where does the loaned money come from?
Loans will be taken from your individual account balance, proportionately from each fund except the Motorola Stock Fund. Loan dollars will be taken from the Motorola Stock Fund if your balance in the other three funds is not enough to cover your loan.

Where will my repayments go?
Directly to your account, to be invested based on your investment elections.

Will I pay interest on the loan?
Yes. The interest you pay will go back into your account. The interest rate is based on a national average of the five-year certificate of deposit rate (published in the Wall Street Journal) plus 2%.

How many loans may I request each year?
One new loan per year (plus an additional loan for purchase of a primary home).

How many loans may I have at a time?
Maximum of four outstanding loans in addition to one home loan (total of five loans permitted).

How do I request a loan?
Call TIME: 1-800-585-5100. If you are a U.S. expatriate, call 1-602-675-9661.



Call the TIME system for confidential, personalized information about loans: 1-800-585-5100.



Horizons

If You are Married

If you are married, your spouse must consent in writing to any loan as well as the pledge of your account as security for the loan. Your spouse's signature must be witnessed by a notary public or a Plan representative.

Loans Prior to January 1, 1996

Any loans issued before January 1, 1996 were disbursed from the general Plan assets of the General Fund (now called the Balanced Fund)—these loans were not made from your individual account balances. Your repayments (principal and interest) for loans issued prior to January 1, 1996 will be made to the Balanced Fund until the loans are repaid in full.

Loan Maximum

Federal law and Plan rules limit loan amounts. The Tax Reform Act of 1986 provides that loans made, renewed, renegotiated or extended after 1986, when added to the outstanding balance of all your other loans cannot exceed \$50,000. This \$50,000 limit is reduced by the highest balance of all your outstanding loans during the twelve months prior to the date your loan is made. However, in no event can the amount of a loan exceed 50% of your vested account balance.

Early Payment

You may repay your loan in full at any time without penalty. Retirement Benefits Customer Service (1-800-462-3429) will provide you with the prepayment amount. Send your letter of instructions regarding the repayment of your loan to:

Retirement Benefits Administration
P.O. Box 63962
Phoenix, AZ 85082-3962

The letter should include your name, Social Security number and a certified check, cashier's check or money order made payable to Motorola Profit Sharing and Investment Plan. If you have more than one loan outstanding, please be sure to indicate which loan the payment should be applied to.

If Your Employment Ends

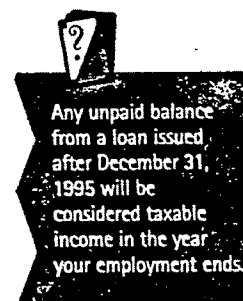
If your employment ends you cannot continue to make loan payments. If your loan was issued prior to January 1, 1996, the outstanding loan balance plus accrued interest will automatically be deducted from your account balance and considered taxable income. If your loan was issued after December 31, 1995, the outstanding loan balance plus accrued interest will be considered taxable income.

Withdrawals From Your Account

Withdrawals from your Profit Sharing and Investment Plan account while you are employed by Motorola are permitted only for specific reasons.

The Amount You May Withdraw

IRS regulations allow you to only withdraw your own contributions from your account (not Company Contributions). Contributions made before you have one year of service, contributions over 1% after you have one year of service, and contributions made to the former Salary Investment Plan (SIP) prior to January 1, 1996 are eligible for withdrawal. In



addition, although you may withdraw earnings credited to your account prior to January 1, 1989, you are not able to withdraw earnings credited after that date.

When You May Make a Withdrawal

The IRS requires you to meet specific conditions of financial hardship in order to withdraw funds from your account. Your withdrawal may not be more than the amount needed to meet the financial need which cannot be met by other income sources such as a Profit Sharing and Investment Plan, credit union or bank loan, and will be distributed from before-tax contributions and pre-January, 1989 earnings.

Financial hardship withdrawals will be allowed to:

- pay expenses directly related to the purchase of your principal residence (excluding mortgage payments)
- prevent eviction from or mortgage foreclosure on your principal residence
- pay medical expenses for you, your spouse or dependents
- pay tuition, related educational fees and room and board for 12 months of post-secondary education for you, your spouse, your children or dependents
- pay other unusual expenses creating a financial hardship

Taxes and Penalties

You are liable for payment of federal income tax on a Profit Sharing and Investment Plan withdrawal. A ten percent penalty may also apply to withdrawals made before you are age 59½.

Limitations

Approval of the Profit Sharing Committee, or its designee, is required for any withdrawal, and you may only make one withdrawal during a calendar year.

Administration of the Plan

The Profit Sharing Committee is responsible for administering the Plan, interpreting its various provisions, and seeing to it that Motorolans receive benefits due to them.

The Committee is made up of:

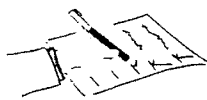
- two people elected by participants, and
- three people appointed by Motorola's Board of Directors. One of the appointed members is designated by the Board to be chairperson.

Participants are eligible to seek election to the Committee. Elected members of the Profit Sharing Committee serve two-year terms. The other members of the Committee serve until replaced.

Profit Sharing Committee decisions are by majority vote. The Committee and the Board of Directors (or a committee of the Board to whom authority is delegated) have the authority to change the Plan without a vote of participants if the change is necessary to bring the Plan into compliance with, or to enable the Plan to meet the requirements of, any law, regulation or ruling. All other Plan amendments are subject to the approval of participants.



Hardship withdrawals will not be allowed to alleviate accumulated debt from such things as credit card debt and everyday living expenses.



Checklist for Retiring and Terminating Employees

Here's a checklist of the sections of this booklet you should read—and forms you may need to complete—before you retire or end your Motorola employment:

If you are terminating, you should read:

- Your Payment Options.....36
- When Payments Begin38
- Outstanding Loans When Employment Ends.....41
- Important Tax Information.....53

If you are retiring, you should also read:

- How Your Pension Benefit is Paid15
- Survivor Benefits18
- How Your Account is Invested (pay special attention to information about transferring with the TIME system)30

In either situation, you may have to complete these forms:

- *Profit Sharing and Investment Plan Request for Payment of Benefits*
 - *Pension Plan Request for Payment of Benefits*
-

Other Things You Need to Know



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Business

MOT-ERISA 0739



Other Things You Need to Know

This section contains important information you should know.

Employee Stock Ownership Plan (ESOP)

The Motorola Employee Stock Ownership Plan allowed Motorolans to accumulate Motorola stock from 1983 through 1986.

The federal law that permitted Motorola to take an income tax credit for contributions to Employee Stock Ownership Plan accounts expired December 31, 1986. As a result, no new participants entered the Plan and no contributions were made to Employee Stock Ownership Plan accounts for calendar years after 1986.

Your Employee Stock Ownership Plan Balance

If you were an Employee Stock Ownership Plan participant, your Employee Stock Ownership Plan balance was transferred into the Profit Sharing and Investment Plan as of June 28, 1996. Your Employee Stock Ownership account balance was invested in the Motorola Stock Fund without regard to the 25% maximum limitation of the Motorola Stock Fund. This was a one-time exception to the 25% limit to allow former ESOP participants to retain ownership in Motorola, Inc. common stock and to continue to share in quarterly dividends plus or minus market value increases or decreases.

Since June 28, 1996, your former ESOP account balance is considered an investment in the Motorola Stock Fund. Provisions of the Profit Sharing and Investment Plan apply to the Motorola Stock Fund. Refer to page 25 for more information.

If You Die While Employed

If you die while employed by Motorola, your account will be paid to your named beneficiary (or beneficiaries). If you are married, your beneficiary is automatically your spouse. You cannot designate a different beneficiary without the written consent of your spouse, witnessed by a notary public or Plan representative.

Voting Your Stock

Before each stockholders' meeting you will receive a form to complete. You can direct the voting of any Motorola common stock credited to your account in the Profit Sharing and Investment Plan as of the record date for a vote by stockholders. The Trustee will cast your votes according to your instructions on the form.

Naming Your Beneficiary

You'll be asked to complete a *Beneficiary Designation* form for the Profit Sharing and Investment Plan.

If the beneficiary, or beneficiaries, you have named are not living at the time of your death, or if there is no beneficiary designation on file, any benefits will be paid in the following order:

- ❶ To your surviving spouse.
- ❷ If you do not have a surviving spouse, to your surviving children in equal shares.
- ❸ If you have no surviving children, to your mother and father in equal shares or if only one parent survives you, to that one.
- ❹ If neither parent survives you, to your estate.

Keeping Your Records Current

It is very important that you keep your Human Resources records up-to-date. Your mailing address and your beneficiary designation especially need to be on file—in case benefit payments need to be sent to you or to your beneficiary.

Returning From a Leave of Absence for Uniformed Service

If you are re-employed by Motorola following Uniformed Service, you will be treated as not having a break in service for the purposes of the Pension Plan and the Profit Sharing and Investment Plan. (However, no contributions to either Plan will be made on your behalf during a period of Uniformed Service until you are re-employed by Motorola.)

Pension Plan

When you return to Motorola, your period of Uniformed Service will count as Years of Service in determining eligibility for participation in the Pension Plan. It also will count in computing Vesting and Benefit Service. (Vesting refers to the minimum service required to become eligible to receive a benefit. Benefit Service is one of the factors used to calculate your Pension benefit.)

Profit Sharing and Investment Plan

When you return to Motorola, your period of Uniformed Service will count as Years of Service in determining your eligibility for participation and vesting of Company Contributions.

Making Up Past Contributions

Beginning on your date of re-employment, you will have a period equal to 3 times your period of Uniformed Service (not to exceed 5 years) to make up Participant Contributions to the Profit Sharing and Investment Plan. The amount you may contribute may not be less than 1% of your compensation and not more than the maximum amount you would have been permitted to make if you had not gone into Uniformed Service.

Your compensation for the purposes of this calculation will be the compensation you would have received had you continued working for Motorola during the period of your Uniformed Service. If your compensation is not reasonably certain, then the average compensation during the 12-month period immediately preceding your Uniformed Service will be used. (If you worked less than 12 months, your actual period of employment will be used.)

Making Up Company Contributions

If you make up your Participant Contributions, Motorola will make Company Contributions to your Company Contribution Accounts equal to the amount Motorola would have made if you had made your make-up Participant Contributions during your period of Uniformed Service. However, you will not be credited with any investment earnings for made-up contributions for your time in Uniformed Service. That's because investment earnings begin when the contributions are actually put into your Accounts.

Other Former Employees Who Return

If you leave Motorola and later return, your status will depend on several things, including whether you were a participant of a particular Plan when you left and whether you had a "break in service."

Break in service rules and rules for rejoining are summarized below. You should check with Human Resources about your own status if you are rehired.

Profit Sharing and Investment Plan

If you were a Profit Sharing participant when your employment ended, you automatically enter the Plan on your date of rehire. If you were not a participant, you start over to meet the eligibility requirements.

The Plan allows you to restore your forfeitures by repaying the withdrawn value of Company Contributions by no later than five years after your date of rehire if you:

- were not 100% vested when you left Motorola;
- received your vested account balance when you left Motorola; and
- are re-hired before you have five consecutive one-year breaks in service following your distribution.

Pension Plan

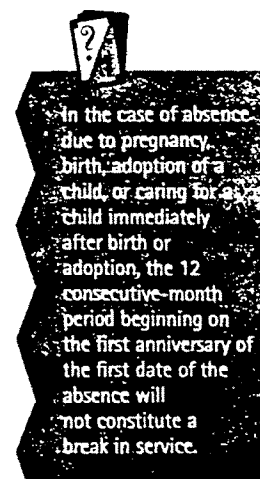
If you were a participant when your employment ended, you automatically enter the Pension Plan on your date of rehire. If you were not a participant, you start over to meet the eligibility requirements.

If you were a participant before your employment ended and you meet one of the following criteria, both pre-break and post-break service count as benefit service upon rehire:

- you had completed five years of vesting service at the break;
- you had attained age 60 at the break;
- you had less than five consecutive one-year breaks in service; or
- you were transferred to the purchaser in connection with the sale by Motorola of a subsidiary or business subdivision.

If you have not met at least one of the criteria above, benefit service accrued in the first period of service will not count in the calculation of benefits.

In the event of absence due to pregnancy, birth, adoption of a child, or caring for a child immediately after birth or adoption, you will be given credit for sufficient service up to 501 hours for the purpose of preventing a break in service (but this will not count as a year of service for purposes of calculating your Pension benefits).



Medical Benefits Paid from 401(h) Account

Motorola established a Section 401(h) account, in accordance with Section 401(h) of the Internal Revenue Code, under the Motorola, Inc. Pension Plan. This account is used to fund the payment of medical and dental benefits provided under the Motorola Retiree Health Benefits Plan to certain retired participants and their covered dependents. The Section 401(h) account may be used to fund retiree medical and dental benefits paid from the Plan after December 31, 1992. Motorola may make a contribution to the 401(h) account during the plan year.

Any contributions made by Motorola that are not used because your employment terminates before becoming eligible for retiree medical and dental benefits will be used to fund other retired participants' medical and dental benefits.

While Motorola intends to continue to make contributions to the Section 401(h) account, it has the right to terminate or amend the Section of the Pension Plan under which contributions are made.

Contributions Made During Your First Year of Hire

Your contributions are limited to a dollar amount per calendar year (\$9,500 in 1997). This amount includes any contributions you may have made during the year to any other company's salary deferral or reduction plan under Section 401(k), a Section 408(k) simplified employer pension plan, a Section 403(b) annuity contract, or elective employer contributions under Section 408(p)(2)(A)(i). If you have contributed to another company's deferral plan under the Code Sections referred to above during the year in which you were hired by Motorola, you may need to reduce your Motorola payroll deductions to the Profit Sharing & Investment Plan so that you do not exceed the limit.

If, after the end of the year in which you were hired, you determine that contributions to the Profit Sharing & Investment Plan and another company's deferral plan exceeded the limit for the taxable year (i.e., \$9,500 for 1997), you have until **March 1st of the following year in which contributions exceeded the dollar limit** to notify your former company or Motorola's Retirement Benefits Administration office to request a refund of contributions that exceeded the dollar limit. The excess amount, plus any investment gain or loss, will be issued to you by no later than April 15. You may contact the Retirement Benefits Administration office for more information.

Plan Changes and Termination

You will be notified—by written summaries—of material changes in the Plan.

Motorola's Board of Directors or a committee of the Board to which authority is delegated may amend the Pension Plan from time to time. No amendment may reduce benefits accrued as of the effective date of the amendment. Plan participants will be notified in writing of any material changes.

Motorola has every intention of continuing all parts of the Pension and Profit Sharing and Investment Plans. However, the Company's Board of Directors has the right to terminate any Plan if such action becomes advisable.

Claims and Review Procedure

Motorola wants to be sure that you (and your beneficiary) receive the full benefits from any of the Plans for which you are eligible. To help assure this, the Plans have a claims and review procedure. If you or your beneficiary believes that benefits are due which are not being received (including a Profit Sharing loan or a withdrawal), a written claim may be filed with the Plan's Administrator.

The Administrator will review your claim and will inform you or your beneficiary of any decision concerning the claim within 90 days after the filing date. If, for any reason, the Administrator needs additional time to decide on the claim, you'll be notified before the end of the first 90-day period.

If the claim is denied, in whole or in part, you'll be notified in writing with the following details spelled out clearly:

- specific reasons for denying it
- specific references to any provisions of the Plan under which the denial was made
- a description of any additional material or information needed to perfect the claim—with an explanation of why it's needed
- an explanation of the procedure for further review of the denial of the claim under the Plan

You can appeal to the Administrator if your claim is denied. Be sure to find out if there is additional information and back-up material you need to supply the Administrator to help with a final decision.

If you intend to appeal a claim that had been denied, be sure to do so within 60 days after receipt of the denial. You have the right to see all material relating to your claim and submit any comments you wish.

The Administrator will act on the review within 60 days after receiving your request, unless more time is needed. You will be informed, in writing, of the Administrator's decision.

Pension Plan Benefits are Insured

Benefits under the Motorola Pension Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan ends for any reason. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor pensions. However, the PBGC does not guarantee all types of benefits under covered plans, and the amount of benefit protection is subject to certain limitations.

The PBGC guarantees vested benefits at the level in effect on the date the plan terminates. However, if a plan has been in effect less than five years when it terminates, or if benefits have been increased within the five years before plan termination, the whole amount of the plan's vested benefits or the benefit increase may not be guaranteed. In addition, there is a maximum monthly benefit that the PBGC guarantees, which is adjusted from time to time.

General Information

Employer:

Motorola, Inc.
1303 E. Algonquin Rd
Schaumburg,
Illinois 60196
1-847-576-7658

**Employer
Identification
Number:**
36-1115800

Plans' Fiscal Year
Jan. 1-Dec. 31

Agent for Legal Service:

Manager, Retirement
Benefits
Administration
8220 E. Roosevelt,
Scottsdale,
Arizona 85257
1-800-462-3429

**Service of Legal
Process may also be
made on the Plan
Administrator or
Trustee**

**Independent
Certified Public
Accountants:**
KPMG Peat Marwick
303 East Wacker Dr.
Chicago, Illinois
60601

For more information on the PBGC insurance protection and its limitations, ask your Plan Administrator or the PBGC. You may contact the PBGC by calling 1-202-326-4040 or writing:

**Office of Communications
PBGC
2020 K Street NW
Washington, D.C. 20006**

Note: The Motorola Profit Sharing and Investment Plan is not eligible for retirement plan termination insurance. You are 100% vested in your Profit Sharing and Investment Plan contributions at all times. If the Profit Sharing and Investment Plan should ever terminate, you would be 100% vested in the balance of your account as of the Plan termination date.

Your Rights under ERISA

As a participant in the Pension Plan and the Profit Sharing and Investment Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA).

ERISA provides that you shall be entitled to:

- examine, without charge at the Plan Administrator's office, all Plan documents including the full legal texts of the Plans and Trust Agreements and copies of all documents filed by the Plan with the U.S. Department of Labor (such as detailed annual reports and Plan descriptions).
- obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator, who may make a reasonable charge for such copies.
- receive summaries of the Plan's annual financial reports. These summaries are prepared and distributed to Motorolans each year. The Plan Administrator is required by law to furnish each participant a copy of the summary annual report.
- obtain a statement telling you whether you have a right to receive a Pension Plan benefit at age 65 and, if so, what your benefits would be at age 65 if you stop working under the Plan now. If you do not have a right to a Pension Plan benefit (because you have not yet become vested), the statement must be requested by you in writing and is not required to be given more than once a year. The Plan must provide the statement free of charge. At Motorola, Plan participants receive an annual, comprehensive benefit statement which includes this information.
- obtain an annual *Statement of your Profit Sharing and Investment Plan Account*, and the percentage of the account in which you are vested. You will receive this statement each year that you are a participant; it is not necessary to request it.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plans. The people who operate the Plans, called fiduciaries, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer or any other person, may discharge you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.

If your claim for a benefit from either Plan is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right, as explained on Page 49, to have your claim reviewed and considered.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan Administrator and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to one hundred dollars a day until you receive the materials, unless they were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored in whole or in part, you may file suit in a state or federal court. If it should happen that plan "fiduciaries" misuse a plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees; for example, if it finds that your claim is frivolous.

If you have any questions about the Plans, you should contact the Plan Administrator or Human Resources. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C., 20010.

Plan Information

Plan Name	Plan No.	Plan Administrator	Trustee
Motorola, Inc. Profit Sharing and Investment Plan	001	Profit Sharing Committee	The Northern Trust Company 50 South LaSalle Street Chicago, Illinois 60690
Motorola, Inc. Pension Plan	002	Retirement Committee	Harris Trust and Savings Bank 111 W. Monroe Street Chicago, Illinois 60690

MOT-ERISA 0747



Important Tax Information

Before you take money from the Profit Sharing and Investment Plan in a lump-sum distribution, you should know which tax rules apply to your payment. The tax treatment of payments depends on which Plan the payment is taken from, who receives payment, the reason payment is taken, and in some cases, the age of the payment recipient.

The chart below tells you which tax regulations or special tax treatment may apply in your circumstances. The chart is followed by a detailed explanation of payment options, rollovers, income tax withholding, and special rules for surviving spouses, alternate payees and other beneficiaries.



This appendix is only a summary. More information is available from the IRS and professional tax advisors.

Tax Information

If you are:	Whether you may roll over your payment:	Special tax treatments that may apply to your lump-sum payment:			
		5-Year Averaging	Capital Gains	10-Year Averaging	10% Additional Income Tax (before age 59½)
Employee	Yes	Yes**	Yes***	Yes***	Yes****
Surviving Spouse	Yes*	Yes**	Yes***	Yes***	No
Alternate Payee (QDRO Beneficiary)	Yes	Yes**	Yes***	Yes***	No
Other Beneficiary	No	Yes**	Yes***	Yes***	No

* You may roll the payment into an IRA but not into another employer's plan.

** Please note that this favorable tax treatment will be eliminated for distributions made after December 31, 1999.

*** Applies only if you (employee) were born before January 1, 1936.

**** Applies only if you are less than 59½ when you receive payment, but does not apply if you separate from Motorola during or after the year you reach age 55.



Summary

A payment from the Plan that is eligible for "rollover" can be taken in two ways. You can have all or any portion of your payment either:

- ❶ paid in a "direct rollover," or
- ❷ paid to you.

Your choice will affect the tax you owe.

If you choose a direct rollover:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to your IRA or, if you choose, to another qualified employer plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the IRA or the other qualified employer plan.



If you choose to have your Plan benefits paid to you:

- You will receive only 80% of the payment because Motorola is required to withhold 20% of the taxable amount of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- Your payment will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may also have to pay an additional 10% tax.
- You can roll over the payment by paying it to your IRA or to another qualified employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.
- If you want to roll over 100% of the payment to an IRA or a qualified employer plan, you must find other money to replace the 20% that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that is not rolled over.

Payments that Can and Cannot be Rolled Over

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to an IRA or to another qualified employer plan that accepts rollovers. Motorola will advise you what portion of your payment is an eligible rollover distribution.

The following types of payment **cannot** be rolled over:

Non-Taxable Payments

In general, only the "taxable portion" of your payment is an eligible rollover distribution. If you have made "after-tax" employee contributions to the Plan, these contributions will be non-taxable when they are paid to you and they cannot be rolled over. (After-tax employee contributions generally are contributions you made from your own pay that were already taxed.)

Payments Spread over Long Periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and will last for:

- your lifetime (or life expectancy);
- your lifetime and your beneficiary's lifetime (or life expectancies); or
- a period of ten years or more.

Required Minimum Payments

Beginning in the year you reach age 70½, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you.

Direct Rollover

You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution, as described above. In a direct rollover, the eligible rollover distribution is paid directly from the Plan to an IRA or another qualified employer plan that accepts rollovers. If you choose a direct rollover, you are not taxed on a payment until you later take it out of the IRA or the other employer plan.

Direct Rollover to an IRA

You can open an IRA to receive a direct rollover.

If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to consider whether the IRA you choose will allow you to move all or part of your payment to another IRA at a later date, without penalties or other limitations.

Direct Rollover to a Plan

If you are employed by a new employer that has a plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept a rollover.

An employer plan is not legally required to accept a rollover. If your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA.

Direct Rollover of a Series of Payments

If you receive eligible rollover distributions that are paid in a series for less than 10 years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Payment Paid to You

If you have the payment made to you, it is subject to 20% income tax withholding. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to an IRA or another plan that accepts rollovers. If you do not roll it over, special tax rules may apply.



See IRS Publication 590, *Individual Retirement Arrangements*, for more information on IRAs (including limits on how often you can roll over between IRAs).

Income Tax Withholding

Mandatory Withholding

If any portion of the payment to you is an eligible rollover distribution, the Plan is required by law to withhold 20% of the taxable amount. This full amount is sent to the IRS as federal income tax withholding.

For example:

If your eligible rollover distribution is \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, you will report the full \$10,000 as a payment received. You will report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for that year.

Voluntary Withholding

If any portion of your payment is not an eligible rollover but is taxable, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. To elect out of withholding, ask Motorola for the *Request for Payment of Benefits* form and related information.

60-Day Rollover Option

If you have an eligible rollover distribution paid to you, you can still decide to roll over all or part of it to an IRA or another employer plan that accepts rollovers. If you decide to roll over, you must make the rollover within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the IRA or the other employer plan.

You can roll over up to 100% of the eligible rollover distribution, including an amount equal to the 20% that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the IRA or the qualified employer plan to replace the 20% that was withheld. On the other hand, if you roll over only the 80% that you received, you will be taxed on the 20% that was withheld.

For example:

Your eligible rollover distribution is \$10,000, and you choose to have it paid to you. You will receive \$8,000 and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the IRA or qualified employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. However, any refund is likely to be larger if you roll over the entire \$10,000.

Additional 10% Tax if You are Under Age 59½

If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to your payment if it is:

- ❶ paid to you because you separate from Motorola during or after the year you reach age 55;
- ❷ paid because you retire due to disability;
- ❸ paid to you as equal (or almost equal) payments over your life or life expectancy (or you and your beneficiary's lives or life expectancies); or
- ❹ used to pay certain medical expenses.



See IRS Form 5329
for more information
on the additional
10% tax.

Special Tax Treatment

If your eligible rollover distribution is not rolled over, it will be taxed in the year you receive it. However, if it qualifies as a "lump-sum distribution," it may be eligible for special tax treatment.

For a payment to qualify as a lump-sum distribution, you must have been a participant in the Plan for at least five years. The special tax treatment for lump-sum distributions is as follows:

Five-Year Averaging

If you receive a lump-sum distribution after you are age 59½, you may be able to make a one-time election to figure the tax on the payment by using "five-year averaging." Five-year averaging often reduces the tax you owe because it treats the payment much as if it were paid over five years. Note: Five-year averaging will be eliminated for distributions made after December 31, 1999.



Ten-Year Averaging If You Were Born Before January 1, 1936

If you receive a lump-sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using ten-year averaging (using 1986 tax rates) instead of five-year averaging (using current tax rates). Like the five-year averaging rules, ten-year averaging often reduces the tax you owe.

Capital Gain Treatment If You Were Born Before January 1, 1936

In addition, if you receive a lump-sum distribution and you were born before January 1, 1936, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the Plan (if any) taxed as long-term capital gains at a rate of 20%.

There are other limits on this special tax treatment for lump-sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump-sum distributions that you receive in that same year. If you have previously rolled over a payment from the Plan (or certain other similar plans of the employer), you cannot use this special tax treatment for later payments from the Plan. If you roll over your payment to an IRA, you will not be able to use this special treatment for later payments from the IRA. Also, if you roll over a portion of your payment to an IRA, this special tax treatment is not available for the rest of the payment. Additional restrictions are described in IRS Form 4972, which has more information on lump-sum distributions and how you elect the special tax treatment.



See IRS Form 4972 for additional information on these rules.

**Motorola Stock**

There is a special rule for a payment from the Plan that includes employer stock. Under this special rule, you may have the option of not paying tax on the "net unrealized appreciation" of the stock until you sell the stock.

To use this special rule:

- the payment must qualify as a lump-sum distribution as described above (or would qualify except you do not yet have five years of participation in the Plan), or
- the Motorola stock included in the payment must be attributable to after-tax employee contributions, if any.

For example:

Motorola stock is contributed to your Plan and the value of the stock is \$1,200 when you receive it. You can elect not to pay taxes on the increase in value until you later sell the stock.

You may instead elect not to have the stock included in your taxable income. In this case, your net unrealized appreciation on the stock is not taxable until you sell the stock, unless you roll over the stock. The stock can be rolled over to an IRA or another qualified plan if you make a direct rollover that you make yourself.

If you receive Motorola stock in a payment that also includes other assets, special tax treatment for lump-sum distributions and ten-year averaging may also apply.

Surviving Spouses, Alternate Payees and Other Beneficiaries

In general, the rules summarized in this section that apply to Motorolans also apply to payments to surviving spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a Qualified Domestic Relations Order (QDRO) which is an order issued by a court, usually in connection with a divorce or legal separation. Some of these rules also apply to a deceased Motorola employee's beneficiary who is not a spouse. However, there are some exceptions for payments to surviving spouses, alternate payees and other beneficiaries:

If You are a Surviving Spouse

You may choose to have an eligible rollover distribution paid in a direct rollover to an IRA or paid to you.

If you have the payment paid to you, you can keep it or roll it over yourself to an IRA but you cannot roll it over to an employer plan. If you are an alternate payee, you have the same choices as the employee. Thus, you can have the payment paid as a direct rollover or paid to you. If you have it paid to you, you can keep it or roll it over yourself to an IRA or to another employer plan that accepts rollovers. If you are a beneficiary other than the surviving spouse, you cannot choose a direct rollover and you cannot roll over the payment yourself.

If You are a Surviving Spouse, an Alternate Payee, or Another Beneficiary

Your payment is not subject to the additional 10% tax described on Page 56, even if you are younger than age 59½.

You may be able to use the special tax treatment for lump-sum distributions and the special rule for payments that include employer stock, as described on Pages 56-57. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump-sum distribution if the employee met the appropriate age requirements, and had five years of participation in the Plan.

Where to Go for More Information

This notice summarizes only the federal (not state or local) tax rules that may apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this booklet. Therefore, you may want to consult a professional tax advisor before you take a payment of your benefits from the Plan. Also, you can find more specific information on the tax treatment of payments from qualified retirement plans in IRS Publication 575: *Pension and Annuity Income*, and IRS Publication 590: *Individual Retirement Arrangements*.



These publications are available from your local IRS office, by calling 1-800-TAX-FORMS, or on the World Wide Web at <http://www.irs.ustreas.gov>.

**Important
Information
Related to
Investment
Options**



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Important Information Related to Investment Options

The Profit Sharing and Investment Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act (ERISA) and Section 2550.404c-1 of Title 29 of the Code of Federal Regulations ("404(c) Regulations"). This means that the fiduciaries of the Plan may be relieved of liability for any losses that are the direct and necessary result of investment decisions made, and investment instructions given, by you as a Plan participant or beneficiary with respect to the investment of the money in your accounts in the various funds of the Plan.

Where You May Get Plan Information

To comply with Section 404(c) of ERISA and the 404(c) Regulations, the Plan names the person who holds the position of Manager of Retirement Benefits Administration ("RBA") from time to time as the fiduciary ("404(c) Fiduciary") who is responsible for providing the information described below upon request of a Plan participant or beneficiary. The address of the 404(c) Fiduciary is: Retirement Benefits Administration, P.O. Box 63962, Phoenix, Arizona 85082-3962 (Interoffice: AZ49-R3219), and the telephone number is 1-800-462-3429.

Specific Information You May Request

The 404(c) Fiduciary or his or her designee will provide the following information to you upon request:

- a description of the annual operating expenses of each fund of the Plan which reduce the rate of return and the aggregate amount of such expenses expressed as a percentage of average net assets of each fund;
- copies of the prospectus, the financial statements and reports for the Plan;
- a list of the assets held by each fund and the value thereof;
- information concerning past and current investment performance of each fund; and the value of the Plan participant's or beneficiary's account in each fund.

Proxy Voting

Proxies relating to securities held by each fund (other than the Motorola Stock Fund) are voted by a Proxy Committee, consisting of three members who are appointed by the Profit Sharing Committee pursuant to authority granted by the Trust Agreement between Motorola and The Northern Trust Company, the Trustee of the Plan trust fund. Voting rights with respect to the Motorola stock in the Motorola Stock Fund are passed through to Plan participants and beneficiaries who have investments in that fund.

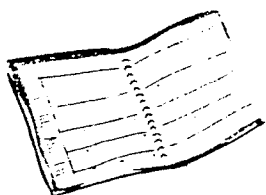
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Confidentiality of Information

The following procedures have been established to provide for the confidentiality of information relating to the purchasing, holding and sale of Motorola stock through transactions in the Motorola Stock Fund and the exercise of voting, tender and similar rights with respect to Motorola stock in the Motorola Stock Fund held by Plan participants and beneficiaries:

- With respect to purchasing, holding and sale of Motorola stock, Motorola, the Profit Sharing Committee and the Manager of Retirement Benefits Administration have established procedures to ensure that confidentiality of information regarding transactions in Motorola stock by Plan members and beneficiaries will be maintained. Access to employees' information on-line is limited to Human Resources staff who have a need to provide benefit assistance to employees in their Sector/Group.
- With respect to the exercise of tender or exchange rights, or any other voting rights, Motorola, the Profit Sharing Committee and the trustee of the Plan's trust fund have entered into a Confidentiality Agreement to ensure the confidentiality of the decisions of Plan participants with regard to the tendering of Motorola shares in any tender or exchange offer for Motorola shares and voting of Motorola stock at meetings of stockholders of Motorola. Neither Motorola, its employees, the Profit Sharing Committee nor any person acting on their behalf can have access to such information except to the extent necessary for Motorola or the Profit Sharing Committee to comply with applicable federal law or state laws not preempted by ERISA. Motorola and the Profit Sharing Committee have also entered into a similar Confidentiality Agreement with the company that counts and records the voting results with respect to matters voted on by Plan members and beneficiaries at meetings of stockholders of Motorola.

The Profit Sharing Committee is responsible for monitoring compliance with the above confidentiality procedures



Your Life Events Chart

Use this chart to help you make important Pension Plan and Profit Sharing and Investment Plan decisions for different life situations. For details on each of these Plans, refer to the appropriate sections of this booklet.

Life Event	Profit Sharing and Investment Plan	Pension Plan	401(k) Plan	403(b) Plan
Marriage	Choose percentage of pay to contribute, make investment contributions elect only, make beneficiary designation, and sign TAFE authorization card.	No action necessary.	No action necessary.	Not applicable.
Divorce	Change beneficiary designation (optional).	No action necessary.	No action necessary.	Change beneficiary designation (optional).
Birth/Adoption	Change beneficiary designation (optional).	No action necessary.	No action necessary.	Change beneficiary designation (optional).
Death of Person	Choose beneficiary designation (optional).	No action necessary.	No action necessary.	Change beneficiary designation (optional).
Death of Person (non-qualified)	<ul style="list-style-type: none"> No contributions made during leave of absence. Must continue to make payments on outstanding loans. 	No action necessary.	No action necessary.	No action necessary.
Disabled Leave of Absence	<ul style="list-style-type: none"> No contributions made during leave of absence. Must continue to make payments on outstanding loans. May be eligible to receive vested portion of account. 	No action necessary.	No action necessary.	No action necessary.
Reinstatement	Choose to make up missed contributions.	No action necessary.	No action necessary.	No action necessary.
Reinstatement (non-qualified)	Automatically enter the Plan on date of reinstatement if at least one year of service. Contributions may begin with first paycheck.	No action necessary.	No action necessary.	No action necessary.
Retirement	Choose payment option by submitting a <i>Request for Payment of Benefits</i> . May be eligible to receive vested portion of account.	Choose payment option by submitting a <i>Request for Payment of Benefits</i> .	Benefits will be paid based on Pension Plan payment option chosen.	Choose option for receiving SCRP benefit on Pension Plan by submitting a <i>Request for Payment of Benefits</i> .
Spouse's Death	Beneficiary will receive payment according to the option chosen.	Spouse will receive a survivor benefit if you have at least 5 years of service.	Spouse will receive a survivor benefit if you have at least 5 years of service.	Beneficiary will receive payment.
Spouse's Retirement	No action necessary if you received payment prior to death. Otherwise, beneficiary will receive payment according to option chosen.	Benefits will end, or joint annuitant or beneficiary will receive benefit according to the option you've chosen.	Benefits will be paid based on Pension Plan payment option chosen.	No action necessary if balance has previously distributed. Otherwise, beneficiary will receive payment based on the option you've chosen.
Spouse's Death (non-qualified)	Choose payment option by submitting a <i>Request for Payment of Benefits</i> .	No action necessary.	No action necessary.	Choose payment option by submitting a <i>Request for Payment of Benefits</i> .
Spouse's Retirement (non-qualified)	Choose payment option by submitting a <i>Request for Payment of Benefits</i> .	Choose payment option by submitting a <i>Request for Payment of Benefits</i> .	Benefits will be paid based on Pension Plan payment option chosen.	Choose payment option by submitting a <i>Request for Payment of Benefits</i> .



Glossary

401(a)(17) Limit— Annual amount established by the Internal Revenue Service under Section 401(a)(17) of the Code that limits compensation that may be considered for Profit Sharing participant contributions and Pension Plan benefits. This limit is subject to change in increments of \$10,000 based on cost of living increases.

401(k) Limit— Annual amount established by the Internal Revenue Service that limits the amount you can contribute to a qualified plan on a tax-deferred basis. The limit is subject to change in increments of \$500 based on cost of living increases.

Allocated— Credited (e.g., your share of Company Profit Sharing contributions allocated to your account).

Anniversary Date— The date used in the retirement system to measure years of service from the hire date.

Annual Installments— Amounts paid on a yearly basis. This payment option is available from the Profit Sharing Plan if you were hired before January 1, 1996.

Annuity— Periodic payment made to a retiree until his or her death. To purchase an annuity means to pay a lump-sum payment to an insurance company. In return, the insurance company guarantees that certain periodic payments will be made to the participant, as long as he or she lives beyond the first due date of the annuity. Annuities may also provide periodic payment to a retiree's joint annuitant or beneficiary upon the retiree's death. These payments may be provided over a fixed period of time or until the beneficiary's death, depending on the type of annuity elected. In the Pension Plan, however, the Pension Trust makes periodic payments to retirees.

Balanced Fund— One of the four investment funds of the Profit Sharing Investment Plan Trust Fund. This fund is invested in a diversified portfolio of securities, equity and fixed income, with the objective of long-term account growth. (Previously called the General Fund.)

Beneficiary— The person or persons (other than the participant) designated by a plan or participant to receive the benefit resulting from the death of the participant. You should name a beneficiary for any benefits that will become payable from the Supplementary Contributory Retirement Plan and/or the Profit Sharing and Investment Plan in the event of your death.

Break in Service— Pension Plan: a 12-month period (figured from your original date of employment or any anniversary of it) in which you do not work at least 501 hours. **Profit Sharing and Investment Plan:** a period of at least 12 consecutive months in which you do not work.

Certificate of Deposit (CD)— Investment issued by bank or savings and loan at a stated interest rate for a specific period of time. Principal and interest rate may be guaranteed by a governmental agency depending upon the principal amount invested. A five-year CD plus 2% is used as the basis for setting the Profit Sharing loan interest rate.

Company Contribution— Contributions allocated to your account if you have at least one year of service. Company Contributions are invested based on your elections for your own contributions. Two types of Company contributions can be made under the Profit Sharing and Investment Plan:

Matching Contributions: Allocated each pay period if the previous year's profit after tax is at least 4% of sales. If a Match is made, Motorola will match dollar for dollar on the first 1% of compensation you contribute, and 50 cents on the dollar for the next 2% of compensation you contribute.

Profit Sharing Contribution: Based on $7\frac{1}{2}\%$ of worldwide earnings before income taxes times U.S. payroll divided by worldwide payroll. If Profit Sharing formula results in greater contribution than the total aggregate Matching Contributions, then your share of the difference will be based on your contributions up to 3% of compensation.

Compensation— For Profit Sharing and Investment Plan and Pension Plan purposes, compensation refers to regular earnings and commissions, including individual sales incentive, Field Sales and Engineering Incentive Plan payments, shift differentials, and overtime. Compensation does not include Return on Net Assets (RONA) Incentive Plan payments, or any other type of incentive payments, bonuses, severance payments, moving allowances, educational allowances, non-cash payments or overseas allowances.

Compounding Interest— When your interest compounds it means you are earning interest on your interest, over and over again.

Default— (1) The rate (3%) at which participants will begin contributing to the Profit Sharing and Investment Plan beginning the first of the month following one year of service if a contribution election is not made, and (2) The investment fund (Balanced Fund) that contributions will be invested in if no investment election is made.

Direct Rollover— Dollars transferred directly from one qualified employer plan into another qualified employer plan or individual retirement arrangement.

Early Retirement Date— For Profit Sharing and Investment Plan and Pension Plan purposes, the date you attain age fifty-five with five years of service.

Equity Fund— One of the four investment funds of the Profit Sharing and Investment Plan Trust Fund. This Fund is invested in a diversified portfolio of common stocks. The objective of this Fund is long-term growth. During interim periods, the Equity Fund could experience substantial fluctuations in account values.

Financial Hardship– When you need to make a withdrawal from your Profit Sharing & Investment Plan account because of an unforeseen immediate and heavy financial need, and your need cannot be met by other income sources.

Forfeitures– The portion of Company Contributions (both Matching and Profit Sharing Contributions) that are forfeited by participants who leave Motorola before their accounts are fully vested.

Horizons– A component of LifeSteps including the Pension Plan and the Profit Sharing and Investment Plan.

Installments– Payments of an equal amount (plus or minus investment earnings over the prior period) over a stated number of years. This payment option is available from the Profit Sharing and Investment Plan for employees hired before January 1, 1996.

Investment Funds– Four funds of varying risk and return potential in the Profit Sharing and Investment Plan, in which your contributions and Company Contributions may be invested. The four funds are the Balanced Fund, the Motorola Stock Fund, the Equity Fund, and the Short-Term Income Fund.

Lump-Sum Distribution– A payment of your entire balance under the Profit Sharing and Investment Plan that is paid within one year of your termination and is payable to you because you have separated from service with Motorola.

Motorola Stock Fund– One of the four investment funds of the Profit Sharing and Investment Plan Trust Fund. This Fund is invested in Motorola, Inc. common stock.

Net Unrealized Appreciation– Generally, the increase in the value of Motorola stock while it is held by the Profit Sharing and Investment Plan.

Normal Retirement Date– The date on which you attain age sixty-five.

Participant Contributions– Your contributions to your Profit Sharing and Investment Plan account. You may contribute up to 17% of your pay (a 1% contribution is mandatory after one year of service). Contributions may be invested in one or more of the four investment funds.

Personal Identification Number (PIN)– A personal number necessary to access your Profit Sharing and Investment Plan account information, or make changes to your elections through the TIME voice response system. An authorization card must be submitted to the Retirement Benefits Administration Office before elections may be made through TIME.

Profit After Tax (P.A.T.)– Earnings after income taxes (net sales less costs, expenses, and income taxes).

Profit Sharing and Investment Plan (PSIP)– The new name for the previous Motorola Employees' Savings and Profit Sharing Plan. The name was changed to better reflect the Plan's Profit Sharing and salary investment features.

Profit Sharing Committee– Formerly called Advisory Committee; responsible for administering the Profit Sharing and Investment Plan. Three members are appointed by the Board of Directors (with one of these members designated as chairperson). The other two members are elected by Plan participants and serve a two-year term.

Qualified Domestic Relations Order (QDRO)– A qualified domestic relations order is a court order that (1) creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable with respect to a participant under a plan and (2) meets several statutory requirements.

Qualified Employer Plan– A Plan maintained by an employer that is qualified under Section 401(a) of the Internal Revenue Code.

Retirement Benefits Administration– Benefits office (located in Phoenix, Arizona) responsible for the administration, processing, customer service and benefits systems for the Profit Sharing and Investment Plan and Pension Plan.

Rollover– A distribution from a qualified plan that you deposit in another qualified employer plan or in an individual retirement account or annuity.

Service Club Date– Date that reflects total service with Motorola (including past service with a company in the event of merger or acquisition). Used to determine vesting in the Pension Plan and Profit Sharing and Investment Plan.

Social Security Offset– Portion of your primary Social Security benefit (or deferred Social Security benefit for retirement after age 65) which is used in determining your Motorola Pension benefit.

Taxable Income– Income subject to federal and some state income tax rates.

TIMF– (Timely Information for Motorola Employees); an interactive voice response telephone system which replaces the use of paper forms and allows you to obtain account information as well as process transactions that affect your Profit Sharing and Investment Plan account. The toll-free number is 1-800-585-5100. The number for U.S. expatriates is 1-602-675-9661.

Uniformed Service– Voluntary or involuntary performance of duty as part of the Armed Forces, Army National Guard, Air National Guard, Commissioned Corps of the Public Health Service or any other category of persons designated by the President in time of war or emergency including any of the following:

- Active duty;
- Active duty for training;
- Initial active duty for training;
- Inactive duty training;
- Full-time National Guard duty; or
- Taking an examination to determine fitness for any of the above duties.

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Vested Company Contributions-- The value of Company Contributions in your account which are not subject to forfeiture if you leave Motorola for any reason.

Vesting-- A benefit plan provision that you will, after meeting certain requirements, retain a right to the benefits you have accrued (or some portion of them) even if your employment under that plan terminates before retirement. Your contributions are always fully vested.

Years of Service-- All completed years and months that you work at Motorola that are used to determine eligibility and vesting in the Pension Plan and Profit Sharing and Investment Plan. Completed years and months that you work at Motorola after December 31, 1977 are used to determine the amount of your Pension benefit.



Important Phone Numbers

Use these toll-free phone numbers to get information and get your questions answered. You may also look up benefits information on an interactive kiosk located in many Motorola facilities or on Benefits Online at <http://www.hr.mot.com/benefits>.

Benefit Coverage/Claim Status

Benefits Administration Office 1-800-421-3973
Expatriates 1-602-441-7015

Network Providers/Hospitals

CalICARE 1-800-634-CARE
TDD* 1-800-257-8595
Expatriates 1-602-441-7015

Hearing Care Program (National Ear Care Plan) 1-800-766-3363
(voice and TDD*)

Vision Care Program (Vision Service Plan) 1-800-622-7444
TDD* 1-800-428-4833

Mental Health and Chemical Dependency Program

CalICARE 1-800-634-CARE
TDD* 1-800-257-8595
Expatriates 1-602-441-7015

Prescription Drug Program

PCS Health Systems 1-800-335-5268
TDD* 1-800-469-5040
Expatriates 1-407-351-6141

LifeWorks: Family Resource & Referral Program

LifeWorks 1-800-635-0606
(voice and TDD*)

Long-Term Care Insurance

CNA Insurance 1-800-213-1237
TDD* 1-800-955-8771
Expatriates 1-407-858-5328

Profit Sharing and Investment Plan Account

TIME System 1-800-585-5100
Expatriates 1-602-675-9661

Profit Sharing Loans

Retirement Benefits Administration 1-800-462-3429
Expatriates 1-602-441-7015

Pension Plan Benefits

Retirement Benefits Administration 1-800-462-3429
Expatriates 1-602-441-7015

*For the hearing impaired



This report was internally produced by the Motorola Benefits Department and Strategic Business Communications Department—

Vision: *To Be Best of the Best—Indispensable to Customers' Success!*

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